



**Appendix 5 of Annexure W of the UDM Constitution
UDM Labour Policy Proposals**

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1. Introduction

The unemployment crisis in South Africa has many causes that underscore the need for a comprehensive strategy. The primary concern must be an attempt to stem the tide of rising unemployment, with its adverse consequences for social and economic exclusion. The UDM aims to create more jobs, secure – where viable – current jobs, and enhance the quality of all jobs over time.

The UDM believes that the labour market faces the following challenges and the UDM's response encompasses the following elements:

- 1.1. Identifying markets for small firms through promoting domestic and foreign linkages so that we adequately address both the supply and demand side of the economy.
- 1.2. The development of capacity in the areas of improved business and entrepreneurial skills.
- 1.3. Promoting the efficient and effective use of public resources, to serve the dual goal of small Business Development and Skills Creation in the productive labour force.
- 1.4. Identifying loan and capital sources and facilitating loans and investments in community business.

Lack of skills in the labour force is a major constraint on foreign investment, and not “inflexible” labour regulations as is often claimed.

The UDM firmly places its Labour Policy within its broader macro-economic strategy, which focuses on Small Business Development, government intervention through Planned Sustainable Development programmes and Skills Creation.

The UDM aims to create a new South Africa at work for the social and economic prosperity of all South Africans, irrespective of race, gender or class.

2. Unemployment

The present government has not succeeded in addressing unemployment, instead it has added to the numbers of the unemployed, with hundreds of thousands of jobs lost in the formal sector since 1994. The government promised 270 000 jobs and more than 150 000 jobs were destroyed in the formal sector.

The unemployment crisis has distinctive characteristics.

- 2.1. Firstly, certain groups of people are more affected by unemployment than others; these include specifically the youth, women, people in rural areas and informal settlements, and the previously disadvantaged in general. This phenomenon has a historical context, which has been exacerbated by the current government's inability to provide South Africans with an equal opportunity to find employment.
- 2.2. Secondly, jobs are being lost in the formal sector; with ever-increasing numbers of people forced to find employment in the informal sector. Often this means survivalist or subsistence activities contributing



little to the individual's quality of life, or to the economy in general and creates a fertile breeding ground for a wide range of social ills and deprivation.

The UDM proposes an economic policy that will stimulate economic growth specifically by focussing on Small Business Development. Simultaneously the UDM recognises that a responsible government must intervene in the economy to ensure job creation. For this reason the UDM proposes a massive job creation initiative focussing on job creation through infrastructure maintenance and development. This strategy is called Planned Sustainable Development and will be driven by government through the department of Public Works, in coordination with all departments. Planned Sustainable Development programmes will have the additional benefit of creating not only economic, but also, social infrastructure to enhance the quality of life of all South Africans. Ultimately, the aim of these programmes will be to break the cycle of poverty, degradation and unemployment that is endemic in many parts of the country, especially in the informal settlements and rural areas.

The previous government as well as the current government have failed to unleash the full potential of South Africans to start small businesses and have not removed obstacles in the way of small businesses.

Recognising the essential role that rapid small business growth played in other countries, the UDM will aggressively promote the concept of Small Business Development. Examples in this regard include the UDM suggestion that government programmes will employ and train the unemployed in agricultural and community development projects, and government programmes to create infrastructure, by involving local emerging and established small businesses.

All current legislation and regulations, especially those that hinder the establishment and growth of small and micro businesses, will be identified and overhauled or abolished.

While it is important that labour laws do not create unintended obstacles for job creation and investment in Planned Sustainable Development programmes, it is important also to recognise that they have played an important role in ensuring that the scope for exploitative employment practice has been limited.

Access to capital is a major stumbling block for Small Business Development. Alternative and innovative financing options will be facilitated to assist small business. Such options will include the establishment of local stock exchanges, small and medium business investment corporations, community development banks, negotiations with investment and insurance funds for venture capital, and the establishment of credible micro-finance institutions.

3. Skills development

Contrary to local perceived wisdom, most of the comprehensive studies undertaken of foreign direct investment to South Africa since 1994 suggest that it is the absence of a skilled and educated labour force – rather than labour market inflexibility – that has a chilling effect on potential inward investors. Labour policy should support trade and macro-economic policy by promoting the rapid development of a skilled labour force to attract investment.

Lack of skills also contributes to the huge salary difference between workers on the shop floor and workers management. Productivity and skills go hand-in-hand, and for that reason it benefits all stakeholders to invest in Skill Creation.

The UDM proposes in its Economic policy that tax on personal income, which is projected to decrease in the coming years, be kept at current levels and that 1% of this tax must be earmarked for two express purposes – Skills Creation and Crime Fighting. One half of this money will be allocated expressly for a Skills Creation Programme. This programme will enhance the current Skills Development Levy and will be driven with a clear

agenda, and greater sense of urgency, through Sectoral Education and Training Agencies. The Skills Creation Programme will also inform the school curriculum to place a much greater emphasis on skills that are required to become economically active. Therefore throughout schools and Sectoral Education and Training Agencies the emphasis will be on skills relevant to Small Business development and management. The Skills Creation Programme must be a dynamic and adaptable initiative to increase the general level of skills in the country, and also ensure that South Africa meets the skills demands of the new millennium. This will entail a Skills Creation strategy that is first, and foremost, focussed on encouraging innovation, problem-solving techniques, and providing the necessary skills for a person to find employment. In addition, the Skills Creation Programme must not only be sector-based, but must also be reviewed and modified regularly to accommodate new and emerging economic trends, thereby ensuring that South Africans are equipped with skills that make them valuable and productive workers.

The lack of skills in the labour force is rooted far deeper than vocational deficits, but also links back to inadequate education and low levels of literacy and numeracy. The current government's dismal failure to make any impact on illiteracy is not acceptable. Literacy and numeracy programmes must be a high priority for the next five years, since no job creation or skills creation initiative will have any lasting value if there are still millions of South Africans who do not have even the most basic skills with which they can comprehend their basic rights or empower themselves economically.

The UDM proposes that specific pilot schemes aimed at current school-leavers are vital to ensure that they can enter the labour market with the relevant skills.

4. Regulating the labour market

The UDM acknowledges the need to formalise the relationship between the employer and the employee, and that this lays the foundation for positive and mutually beneficial cooperation between employers and employees.

It is also necessary to recognise that where employment relations are properly regulated exploitation decreases and productivity increases. There is a need to separate the regulation of the employment relationship from economic and labour market policy that stimulates employment. On point one: Labour market regulation, particularly the LRA – seeks to regulate a relationship of employment. In and of itself it would be difficult to argue that it has been the cause of job losses. The impact of South Africa's relatively smaller domestic market, unskilled labour force, the impact of globalisation, the barriers to entry to foreign and international markets, as well as domestic capital flight have all contributed to the loss of jobs. The regulation of an employment relationship has very little to do with job losses. Dynamic regulations must ensure that the employer and the employee each have a minimum set of rights that cannot be disputed and that are mutually beneficial. Labour regulations must be about the rights of the worker and the employer first, and should not be an end in itself.

In 1996 the International Labour Organisation published a comprehensive study of the South African labour market, which concluded that the labour market was very flexible. In 1999, the International Labour Organisation concluded that South Africa's regulatory environment in respect of certain labour market standards does not appear particularly stringent compared to other middle-income countries. It catalogued a range of flexibilities in the legislation and labour market practices. It argued that a sign of a flexible labour market is found in the growth in labour productivity. Provisional figures made available by the Reserve Bank show a growth of 3,2 per annum consistently in labour productivity since 1994. Deregulation alone will neither enhance overall flexibility nor lead to substantial improvement in employment. It further found that the sectors with the weakest legal protection for workers – including agriculture, domestic labour and the informal sector – have proved to be among the least able to generate productive employment in the past ten years.



Furthermore, the UDM recognises the right of employers and employees to organise themselves to campaign and lobby the aspirations of their members. The UDM also believes that if organised labour, business and government were to act within internationally accepted standards cooperation can be fostered, and it could be avoided that one stakeholder holds the others to ransom.

The government must seek to create a regulatory framework where the cost of compliance cannot be claimed as a job destroying measure.

Lastly, the role of the department of Labour to inspect and ensure compliance with basic regulations and safety standards must be enforced. Compliance is a culture that must be developed, and without proper monitoring there will unfortunately always be those who find excuses not to comply. The current government's inability to operate a proper and functioning labour inspectorate must be immediately rectified. The UDM proposes that enough inspectors are employed and intensively trained to do routine inspections, deal with complaints and to carry out regular surprise inspections.

5. HIV/AIDS

The current government is showing no urgency with regards to the HIV/AIDS pandemic facing South Africa, in fact it seems content to engage in futile debates and semantic arguments, that are designed to help it avoid its constitutional responsibilities and in the process actively prevents anyone else who seeks to respond to the pandemic. The government's response is directly contributing to the stigma surrounding the disease by insisting that there is no problem when everyone can see the opposite is true.

The economic and social impact of HIV/AIDS is already being felt by many South Africans, and in the coming years it will become a defining aspect of South African reality if urgent and concerted action is not taken immediately.

On the economic front the impact of HIV/AIDS has not been properly quantified, but undoubtedly workers will be very hard hit. HIV/AIDS affects those parts of the population that are economically active. It is estimated that, in this age group, 25% of all unnatural deaths are caused by HIV/AIDS. In addition, the prevalence of HIV/AIDS is higher among low-skilled workers, which will have a direct impact on the levels of poverty in society. It must also be acknowledged that declining life expectancy and job losses due to HIV/AIDS will increase the dependency ratio, and place an increased burden on a shrinking working population.

The impact of HIV/AIDS extends also to an increasing number of child-headed households, with the result that an increasing number of children will be expected to generate an income to take care of their families' basic needs and to care for parents living with HIV/AIDS.

The UDM proposes a specific National Plan of Action to deal with HIV/AIDS as a priority, within its Health policy, which seeks among others to address the impact of the disease on the economy and the labour force specifically.

6. Labour and politics

The history of labour exploitation and political activism by the labour movement in South Africa cannot be denied. It must be acknowledged that the previous regime systematically set about the social, economic and political exploitation of the labour force in South Africa, and that this strategy had a distinctive racial character. Equally, it cannot be denied that the labour movement in South Africa played a vital role in bringing an end to Apartheid.

The labour movement in the new South Africa faces the unique challenge of preventing that its historic political relationships do not undermine its economic and social responsibilities to its members.

The UDM proposes that organised labour should seek a less direct, and compromising, alignment with political actors that will give it the freedom to actively and constructively pursue the economic and social agenda of workers. The UDM recognises that all over the world many labour organisations have succeeded in being a strong voice of social conscience, but this is only possible where labour is not directly affiliated and dependent upon a political master. It is an unhealthy situation when political affiliation destroys the credibility of organised labour, and thereby silences an important voice in any democratic discourse. Organised labour must be weary of the perception that it is only concerned with the interests of a small and shrinking group of employed people, as well as a new elite with links to the ruling party, at the expense of workers and the unemployed in general. Workers must concern themselves not only with the rights of workers, but also with the right of all South Africans to work and to contribute to the economy.

The UDM proposes that NEDLAC should be scrapped because it is an expensive and ineffective talk shop. Labour will continue to be represented in all major economic and social forums. The UDM proposes specifically, in its policy for Public Works' job creation and infrastructure development programmes, the establishment of a Presidential Council on Planned Sustainable Development. Organised labour and all other economic and social stakeholders will find that this new forum will be a much better mechanism to implement, and not only talk about, economic and social programmes that increase the quality of life of all South Africans. Labour and all other participants in this Presidential Council will become signatories to a Development Accord that recognises that the economic and social upliftment of all South Africans is the number one priority of every South African committed to making the new democratic South Africa a success.

7. Restructuring of Public Enterprises

The fears of labour regarding restructuring of the economy, and public enterprises specifically, are acknowledged. The UDM proposes in its Public Enterprises policy a specific set of principles to be applied to the process of restructuring public enterprises so as to ensure that the process is beneficial to all South Africans. The UDM furthermore commits specifically any proceeds that may flow from such a process towards economic and social infrastructure development.

In addition, the UDM recognises that the process of restructuring may cause job losses in the short term and responds with three specific measures to address this.

- 7.1. Firstly, the UDM proposes in its Economic policy specific poverty relief for people affected by possible initial higher prices for basic services due to restructuring, with a Basic Service Subsidy for poor people.
- 7.2. Secondly, the UDM proposes a massive job creation initiative linked with infrastructure development that will be driven by government through the department of Public Works with Planned Sustainable Development programmes. These programmes will specifically aim to accommodate people who have lost their jobs because of restructuring.
- 7.3. Thirdly, the UDM commits itself, with a specific tax proposal in its Economic Policy, to a Skills Creation programme. This programme will, among others, be specifically aimed at people who have lost their jobs due to restructuring, in order to equip them to find new employment.