

23rd – 26th November 2015 COSATU 12th National Congress

Secretariat Report

“Unity and Cohesion of COSATU to advance the National Democratic Revolution”

Summary

Socio – Economic Section

Book 2



The triple challenge of unemployment, poverty and inequalities continue to define South African society, 21 years into democracy. Government's twenty year review shows that a lot of progress has been made in changing the lives of the majority of South Africans for the better.

We have experienced progress in health and educator sectors however, there are still glaring systemic challenges confronting these sectors generally.

Some of these challenges are of a socio-economic nature, whilst some are related to internal shortcomings within the system.

Once again, it can be highlighted that significant progress has been made in the higher education space with no less than two new universities having been established since the last congress.

Another indicator of progress would be the dramatic increase in student financial aid to increase access.

The sector is still characterized with challenges related to the lack of tangible transformation.

For instance, some previously whites only universities are still very much on the receiving end albeit disproportionately of generous research out-put driven resource allocation from both the public and private sectors. It must be highlighted that education at all levels is not just about a learner, a teacher and a classroom.

It is about knowledge received both formally and informally that a society can evolve and ultimately reach the required levels of holistical development and we must eradicate what apartheid education system did by perpetuating the majority.

It systematically limited the African working class child from accessing quality education whilst ensuring the direct opposite for the white minority. The impact of this historical imbalance is being felt to this very day. This can be seen through the persisting socio-economic inequalities that characterise our country.

And today, it is primarily through education linked with a host of other systemic interventions that we can roll back the effects of our past.

For example, the skills that will be required to propel our light manufacturing sector which has been identified as a potential major driver for growth will start with the quality of education.

When using the multidimensional measurement of poverty, which takes into account social assistance grants, education, health, labour market interventions and increased economic participation, we have seen a significant reduction in poverty from 37 per cent in 1993 to 8 per cent in 2010. The number of social assistance beneficiaries has increased from 2.7 million people in 1994 to 16 million people in 2013.¹

Accordingly, few people in the country rely on wages as their main source of income. The poorest 40 percent of households derive over 50 percent of their income from social grants. This problem is more pronounced in the former homelands where more than 50 percent of

¹ Ibid, pgs 44-45

households rely on remittances or grants, compared with less than 25 percent in the rest of the country.²

Developments in the economy since the 11th Congress are set to exacerbate this gloomy picture. In the past three years the South African economy had continued to grow at a slower pace compared to other economies of a similar size. The real gross domestic increased by only 1.9 per cent in 2013 as a whole. In the first quarter of 2014 it declined by 0.6 per cent, only to increase by the same percent in the second quarter. Now the indications are that the economy might be heading for a recession. In the second quarter of 2015, the economy experienced a negative growth of 1.3% as measured by the Gross Domestic Product (GDP).

One of the factors attributed to this sluggish growth is the state of the global economy which has not recovered fully from the effects of the 2008 global financial crisis. The developed economies to which the bulk of South African exports go remain weak.

China has become South Africa's major trading partner; exports to China have increased by about 60% between 2010 and 2014. In the same period, imports from China to South Africa have increased by almost 100%. While COSATU's position supports the strengthening of South-South trade relations, it is concerning that South Africa exports raw materials to China and imports value-added products.

Whilst we have failed to change the colonial and apartheid structure of the economy, the country continues to export raw materials and import value added products.

Now, due to the global economic slow-down, there is lower demand in the global economy, which resulted in the spiraling down of metals and commodity prices in particular. The dampened demand for Chinese steel has resulted in more cheap steel imports from China into the South African market, a phenomenon which has been referred to as "steel dumping" in some quarters. This has resulted in the steel industry employers issuing retrenchment notices and calling for an increase in import tariffs to protect the industry from cheap Chinese imports. Steel is a critical input in the infrastructure development programme, both economic and social. But for many years the steel industry has been using Import Parity Pricing (IPP) which raised the price of this critical input.

Many will recall that the calls by COSATU for the abandonment of IPP fell on deaf ears.

This is why COSATU argued that the support to the industry should be accompanied by a clear commitment from the steel industry that it will abandon import parity pricing and that it will not revert to it when the economic conditions have improved. The mining industry employers have also issued workers with retrenchment notices in 2015. A major concern is that the mining companies are slowing down production because of the low commodity prices, not due to capacity constraints. This trend is likely to continue despite

² 20 Year Review, pg 40

the recently agreed to “Mining Industry Ten Point Plan”, a decisive plan intended to curb job losses in the mining sector.

Given the fact that our economy is still largely based on the mining industry, many sectors would be affected and, in the process, more jobs would be lost.

The 11th COSATU National Congress called for decisive interventions in the economy to address the triple challenge of unemployment, poverty and inequalities. It reaffirmed the 5th Central Committee resolution on the required socioeconomic policy framework to address these challenges:

- Creation of Decent Work
- Redistribution of Economic Power, Resources and Income
- Democratising Patterns of Ownership and Control of the Economy
- Meeting Basic Needs
- Industrial Development
- Environmental Sustainability
- The Development of the Southern African Region

In this report, we evaluate interventions that have been implemented by government as well as the policy engagement by COSATU, informed by the 7-pillar framework above.

2.1 On Policy interventions

Since the 11th National Congress, there have been numerous policy interventions by government; some have taken forward the Congress’s demands while others have been regressive. The key policy intervention in this regard has been the adoption of the National Development Plan (NDP) by government. COSATU has expressed serious concerns about the economic chapter of the NDP. The NDP entrenches the macroeconomic policy framework that is largely responsible to the many socioeconomic problems identified in this report. It proposes a cut in government spending, essentially calling for restrictive fiscal policy while at the same time calling for expansionary monetary policy.

The NDP further proposes the creation of 11 million jobs within the Small and Medium Enterprises and does not show any linkages with the industrial policy interventions COSATU has supported. This shows lack of commitment in the NDP to the decent work agenda. In relation to reducing inequality, the NDP foresees inequality being reduced from a high Gini Coefficient of 0.69 percent to an equally high 0.60 per cent in 20 years. Whilst there is growing consensus that the Gini index as a measurement has some limitations, it is concerning that the NDP foresees such a minimal reduction in inequality levels.

In the labour market area, NEDLAC concluded negotiations on the amendments of the Basic Conditions of Employment Act (BCEA), the Labour Relations Act (LRA) and the Employment Equity Act (EEA). As we will show later, the sticky area has been the amendment of the section dealing with Temporary Employment Services, the labour broking that COSATU has called for its total ban.

The Minister of Rural Development and Land Reform has also introduced proposals aimed at empowering the farm workers. These proposals will give farm workers and dwellers a stake in the farms, depending on the period they have worked the land.

The infrastructure development programme continues and the Industrial Policy Action Plan has been revised twice since the 11th Congress. These interventions are discussed fully in the sections that follow.

2.1.1. Macroeconomic Policy Interventions

On the fiscal policy side, government has established a committee to review the tax system in the country. The tax committee is chaired by Judge Dennis Davis (Dennis Tax Commission) and its terms of reference covered overall tax base and tax burden, VAT, progressivity of tax system, corporate tax system and taxation of the financial sector.

COSATU and SACTWU worked together to make a submission covering base erosion and profit shifting, tax incentives to promote industrialisation, VAT, solidarity tax, tax on luxury imports, export taxes on strategic minerals and metals, and financial transaction tax. The submission was based on research by SACTWU on tax avoidance, customs fraud and industrial incentives for clothing, textiles and leather sectors as well as on COSATU's New Growth Path towards Full Employment proposals, its historic tax submissions to NEDLAC and the People's Budget historic positions.

The submission recommendations, amongst others, entails establishing clear and transparent guidelines for the assessed tax share contribution of the richest 1% and richest 10% of South Africans.

The DTC (Dennis Tax Commission) has released interim reports on many of these aspects. In relation to VAT the DTC has recommended that there should be no further zero-rating and if it had its way, there should be no zero-rating at all. The old Treasury argument that zero-rating certain food items benefits the more affluent households is used by the DTC to discredit our call. The DTC has also rejected a call for a higher VAT rate on luxury goods.

2.1.2. Industrial and infrastructure development

In 2007 government adopted a National Industrial Policy Framework and an Industrial Policy Action Plan (IPAP) which is revised and updated annually. In 2011 government adopted the New Growth Path.

In COSATU's view, these policies should help change the structure of the South African economy from "Minerals-Energy-Complex" to a more diversified economy, with forward and backward linkages, more value addition and creating more decent jobs. In a sense, these policies must help develop the manufacturing sector which ought to be an engine of growth. IPAP provides incentives for various sectors aimed at making them competitive and create jobs. COSATU must play a more active role, in line with the local procurement accord which it is a signatory to, to ensure more focus on local procurement by government.

Government has centralized some tenders and some of the monitoring work is taking place at a centralized level but it is not sufficient and will not achieve the objectives of centralization set out above.

COSATU needed to respond appropriately to promote jobs, the manufacturing sector and help deal with corruption in procurement.

The union has trained shop stewards, in partnership with PSA, with the aim of developing frameworks for local procurement at the workplace. We should ensure that government procurement is also linked to decent work: government should not be buying goods and services from companies that underpay workers or run sweatshops.

The 11th Congress resolved that the state must play a significant role in the economy and identified the sectors for strategic nationalisation; viz. banking, petrochemicals, forestry, cement, metals fabrication (especially steel), construction (to address infrastructure backlogs), pharmaceuticals, machinery and equipment, telecommunications and mining.

In 2008 Eskom's average electricity tariff was about 20c/kWh and it would be at 89c/kWh by 2018. It is concerning that it had been very easy for the National Energy Regulator of South Africa to grant Eskom massive tariff increases since 2008, in many instances allowing additional increases before the end of the MYPD period. This trend has the potential of creating a credibility crisis for Nersa's multi-year price determination system.

This high electricity tariffs trajectory would be entrenched by government's ambitious plans to invest in expensive and dangerous nuclear energy. Even the National Development Plan has cautioned against the country investing in nuclear energy given the cost factors associated with this technology. The secrecy surrounding the procurement of this technology is a concern to COSATU.

Despite all the interventions of government in the manufacturing sector to ensure increased industrial development, we are still experiencing deindustrialisation. While there has been jobs growth in the recent past in most other sectors of the economy, manufacturing is losing jobs.

The financialisation of our economy means that a lot of the most important decisions taken at a macro level are in favour of the finance sector, be it on inflation targeting, interest rates or others.

Manufacturing needs to lead the way, as it has done in so many countries that have achieved higher levels of development. It must be emphasized that the potential for growth that manufacturing cannot be delinked from education and skills development.

The private sector and government need to be pushed for this to happen.

2.1.3. Trade and Investment

The 11th Congress enjoined us to agitate for the reorientation of the country's trade and investment strategy towards the global-south, including the BRICS countries. The Congress further called for a common strategy among regions trade union on issues of trade, investment and industrial policy.

The north-south trade is based on extraction of raw materials and imports of value added or manufactured goods by developing countries.

Unfortunately, the recent increase in South –South trade is also characterised by this colonial trade pattern. A BRICS investment and trade strategy should be based on managed trade and contrary to the colonial North-South trade it should be mutually beneficial. We must guard against a “big brother-small brother” approach to trade agreements. History is littered with examples of trade domination evolving to a cultural form of domination.

While the 11th Congress has reaffirmed the federation's position on South-South trade relations, it at the same time resolved that we should call on government not to support the SACU-India Preferential Trade Agreement because it can undermine industrialisation efforts in the country. Some of the main reasons why COSATU is opposed to the free trade agreement with India include the following:

- India's economy is more closed and protectionist compared to South Africa and this agreement might not benefit the South African economy..
- It has an active industrial policy and is a major exporter of shoes to South Africa; this has destroyed the local shoe market.

Overall South Africa's trade policy has changed substantially from a decade ago when the default position was to open markets and promote free trade. We know the destruction it caused in many sectors, including clothing and textiles.

The 2014 BRICS meeting established the BRICS Development bank to among others fund infrastructure projects. The voting powers will be distributed equally between members and contrary to IMF/WB, voting is not based on size of the members' economies. The Business Council has been formed as one of the official BRICS organs. There is a need to have a labour forum within BRICS. The 2013 Durban Labour BRICS forum proposed that the Labour Forum should be recognised as an official organ within BRICS. The 2014 Fortaleza, Brazil, Labour BRICS forum agreed to take this matter forward in Russia. The Brazilian government has reportedly endorsed this resolution. All BRICS trade unions support this position. It is hoped that this would be finalised and endorsed in the 2015 BRICS meeting in Russia. Furthermore BRICS should be institutionalised into a formal bloc, which should have common positions on international political, economic, and labour issues.

The SADC region is currently locked into trade which only benefits former colonial masters. Former colonial masters are also involved in capturing the market share in infrastructure projects in particular the EU and the US. The regional trade agenda is not based on industrialisation.

There is a need to ensure that trade unions speak with one voice in the region. Whilst a SADC trade union workshop has not been convened as per the 11th Congress resolution, a common position against the potential negative effects of the SADC-EU Economic Partnership Agreement (EPA) on regional integration has been adopted at ITUC and SATUCC levels.

COSATU, through NEDLAC has ensured that government's negotiations prioritise regional industrialisation, in particular in respect of the use of export taxes to promote beneficiation. The SACU- EU Economic Partnership Agreement has re-affirmed SA and the SACU's countries' powers to use export taxes even though on a limited basis.

We have also engaged in NEDLAC on the tripartite free trade agreement negotiations involving 26 countries and three regions East African Community (EAC), Common Market for Eastern and Southern Community (COMESA) and SADC. Major issues included the development of standards and rules of origin (ROO) and customs enforcement.

The past year has also seen some upheaval regarding the African Growth and Opportunities Act (AGOA), legislation introduced by the United States to ensure preferential access for goods made in Africa.

The US has threatened to kick South Africa out of AGOA, saying that South Africa is not underdeveloped enough. This has largely been done to force South Africa to offer trade concessions to US products. If we lose access to the US market through AGOA, it would mean South African products, especially cars, would not be able to access the US market duty free anymore.

The US demanded that South Africa drop the anti-dumping duties it placed on US poultry and pork imports. After several threats by the US, a deal was negotiated allowing a certain amount of US poultry imports into South Africa without American producers having to pay the anti-dumping duties. We fear for South African agro-processing jobs as the US has very large food companies who can destroy many local jobs. A great deal of subsidisation of agricultural products takes place in developed countries.

We must stay vigilant because the US will continue to push South Africa to open its market to American products, in effect coercing us into a free-trade agreement, and will push to increase the quotas placed on US poultry imports.

The US is also interested in prying open our services, government procurement and other markets – which they could not achieve at the World Trade Organisation but are now trying to achieve at a bilateral level.

The Department of Trade and Industry has introduced a proposed law on the legal framework on investment under the Promotion and Protection of Investment bill. One of the main objections to BITS is that whilst they give benefits and rights to investors they give costs or obligations only to the host states.

We have seen how illegal imports have destroyed clothing, footwear and other jobs.

While there is increased work by Customs on fraud at harbours and elsewhere, more needs to be done. Jobs are being threatened and lost in food products, tobacco, clothing, textiles, footwear, tyres, motor components and other sectors. We should demand that government implement the new Customs Control and Customs Duty Acts, which became legislation in 2014. It will help to punish dishonest and corrupt companies who destroy local jobs.

2.1.4. Land and Agrarian Reform

The 11th Congress called for a speedy finalisation of the land audit and for the state to set limits on foreign ownership in strategic sectors of the economy, and to ban foreign

ownership of land in South Africa. The ANC Mangaung Conference also passed a resolution to limit foreign acquisition and ownership of land.³

A proposed law on regulation of foreign ownership of land is expected to be introduced by government before the end of this year. This is one of the radical policy proposals to be introduced by this administration. According to the Land Audit report the State only owns 14% of the land and private individuals 80%.

There is acknowledgement by government and the movement that the market –based “willing-buyer-willing-seller” principle has failed. The Department of Rural Development and Land reform (DRDLR) is finalising the Land Security Policy, Evictions Policy and Agricultural Landholding framework which will guide the redistribution of land.

The 11th Congress had also called for the Department of Public Works and DRDLR to re-table the Expropriation Bill and explore the possibility for instances where the Expropriation Authority proposed in the Bill could expropriate without compensation. The Bill was tabled in NEDLAC in 2013 and government rejected COSATU’s proposal. However, government included other principles and conditions for expropriation such as the use of the land and historical dispossession.

Government has implemented neoliberal economic policies which have led to deregulation of the sector and trade liberalization.

2.1.5. Agrarian Reform and the Food Crisis

Recent research reports indicate that 46% of the population is food secure. 28.3% of the population is at risk of going hungry, and 26% experiences hunger on a daily basis⁴. Over half of South Africans do not have sufficient access to affordable, nutritious and safe food to meet their basic health requirements.

Females are more at risk of experiencing hunger than males. This is worrisome, because our country has a large number of female headed households. Research has illustrated that these households are more susceptible to food insecurity. It is estimated that 20 % of homes with female heads are food insecure; while 15% of male headed homes experience hunger. ⁵

2.1.6. Neoliberalism and the food Crisis

The Government has attempted to address this crisis through various integrated food and nutrition strategies. However, these efforts have failed, because of an incorrect analysis on

³ Please see the Land policy brief in the annexure

⁴ The South African National Health and Nutrition Examination Survey (2013)

⁵ Oxfam (2014) Hidden Hunger Report & Statistics South Africa 2012

the primary causes of the food crisis. Our country produces and imports enough food to meet the basic nutritious food requirements of all citizens (national level).

In sum, the nation produces enough primary agricultural produce to meet the basic food security needs of every citizen. Neoliberal economic policy has caused an inequitable distribution of food. This has been noted by a number of scholars and researchers.

2.1.7. Food Prices, Hunger and the Neoliberal Corporate Food Regime

Government has implemented neoliberal macroeconomic policy, which is based on the following principles: privatization, minimal state intervention, deregulation, and the commodification of food.

First, exorbitant food prices charged by the food industry⁶.

Second, skewed access to basic resources such as water and land.

Third, the unjust concentrated patterns of ownership in the entire agricultural value-chain. Manufacturing and agro-processing is dominated by few large entities (Tiger Brands, Premier Foods, Foodcorp etc), which were found guilty of price fixing by the Competition Commission in 2010. The retail sector is also controlled by five major retailers; with a joint market share of 90% .

These enterprises have commodified food. For example, Pick 'n Pay's total trading profit for the year ending February 2014 was over R1 billion. Lastly, the over-reliance on industrial agriculture with high oil and chemicals inputs. These inputs are one of the primary cost drivers in the food system. More worryingly, they have negative ecological and health effects.

2.1.8. Workers and the Food Crisis

Farm workers continue to be exploited by employers, and form part of the most marginalized section of the country's workforce. According to Department of Rural Development and Land Reform, "***the commercial farming sector houses the lowest paid workers in the formal economy, with black agricultural workers, especially women, receiving lower wages than white co-workers***".⁷

The minister issued a new Sectoral Determination in 2013 to address this challenge. However, this is not sufficient because the increases don't match the socio-economic needs

⁶ Oxfam (2013) Hidden Hunger Report

⁷ Department of Rural Development and Land Reform (2013). Strengthening the Relative Rights of People Working the Land

of farm workers. Research indicates that the new wages are not sufficient for covering the basic nutritional needs of workers. The Sectoral Determination of 2013 raised the minimum wage rate from R69 to R 105 a day. It is insufficient: farm workers and their families cannot afford a 'balanced daily food plate'.⁸ This is exacerbated by the increased cost of a basic food basket, which rose from R 394 in October 2010 to R 486 in October 2012.

Farm workers and the working class spend 40 percent or more of their total income on food and non-alcoholic beverages⁹. Moreover, most of the wages are used to cover the costs of accommodation. In addition to this, farm workers continue to be evicted illegally and this has negative socio-economic effects. This super exploitation of workers is prevalent throughout the entire *neoliberal* food value chain, especially the *retail sector*, which is characterized by the following: labour broking; short-term contract work and violation of worker's rights.¹⁰

So what is to be done? The Struggle for Food Sovereignty

The political economy of the food system in our country is market-based, and functions on the following principles of neo-liberalism: privatization, deregulation, trade liberalization and minimal state intervention. This has created a food crisis in our country. Previous state policies have failed to address these underlying structural challenges.

This socio-economic injustice can only be addressed by implementing the principles captured in the Nyéléni Declaration (2007) on Food Sovereignty, amongst others, by giving landless people /farm workers ownership.

2.1.9. Policy Recommendations

COSATU, amongst others calls for consultation and review of the National Policy on Food and Nutrition Security. And the Food and Nutrition Security implementation plan, Lobby for the establishment of a state-owned food company on staple goods, and support the South African Food Sovereignty campaign, with a particular emphasis on de-commodification and also support the retail sector price investigations.

2.2. Labour Market Policy Interventions

The 11th Congress was held in the midst of a labour market policy review process which involved the amendment of the Labour Relations Act (LRA), the Basic Conditions of Employment Act (BCEA), the Employment Equity Act (EEA) as well as discussion of Employment Services Bill (ESB). The ESB, the EEA and the LRA Amendment Bills have already been signed by the President into law.

⁸ Bureau for Food and Agricultural Policy (2013)

⁹ Bureau for Food and Agricultural Policy (2013)

¹⁰ COSATU 12th Congress Socio-economic Report 2012

In terms of amended LRA, temporary employment and probation will be limited to 3 months; beyond three months any employment, be it casual or temporary, must be converted to permanency. This provision excludes workers on fixed-term contracts and independent contractors. One of the key demands of COSATU in relation to labour market review was the banning of labour broking. The LRA Amendment Act doesn't ban the labour broking practice. Instead, it provides for temporary workers to be employed by the labour brokers for a period of 3 months. However, after 3 months the worker would become permanent employee of the client of the labour broker and his/her terms of conditions may not be less favourable than those of the permanent workers on the same level.

The amendments provide that the labour broker and its client will be jointly and severally liable for violation of collective agreements, arbitration awards, BCEA and sectoral determinations. A labour broker employee can take action against the labour broker, its client or against both. However, the labour broker, during the 3 months, will be responsible for determining the terms and conditions.

During the labour law review negotiations we were opposed to the proposals on the rules for picketing and the requirement that Unions conduct a strike ballot prior to a strike action, that unions must be held liable for any violent strike activity and the review of thresholds applicable to granting of organisational, recognition and bargaining rights of unions with the aim to reconsider the majoritarianism principle vis-a-vis proportional representation

The amended BCEA provides for the threshold for employees eligible for representation at CCMA mediated disputes to be increased from roughly R149 000p.a. to roughly R179 000 p.a.

Separately, we have seen a major offensive against collective bargaining by business. It started with smaller cases in the metals and clothing sector challenging the extension of bargaining agreements to non-parties. Most recently, the Free Market Foundation has taken up a case, challenging dozens of bargaining councils and the Minister of Labour. It is trying to limit the possibility of bargaining council agreements being extended to non-parties. This will undermine bargaining councils, roll back gains made by workers and unions after significant struggles and encourage sweatshops.

Questions & Recommendations for the Labour Market Section in Socio-Economic Report

Macro-Economic Policy

- G20, Global Jobs Pact (2009) resolved to adopt employment oriented macroeconomic policy frameworks. South Africa is a member and signatory,

How far has SA gone in ensuring the inclusion of employment as one of the targets of macroeconomic policy goals?

- Is there a policy stance compatibility, congruency and consistency between the official policy documents on macroeconomic and microeconomic policies i.e. New Growth Path, National Development Plan, IPAP, APAP etc?
- Are economic policies contradicting or reinforcing each other? Especially fiscal, monetary and exchange rate policies?
- What is COSATU's policy role in multilateral institutions? IMF, WB, ILO, ITUC, WTO, WHO, Climate Change RIO21, and in many more?

Labour Market Policy

- What are the labour market interventions currently applied to curb the scourge of job losses and unemployment?
- Are they effective? If not or less, what should be done to render more effective?
- What /Which institutions are responsible for the execution of SA's Labour market policy? Are they functioning effectively to execute this task? What must be done to make them more responsive to challenges facing SA Labour Market?
- What can COSATU do to right the wrongs?

2.2.1. Some Current Developments in the Labour Market

There are 2 NEDLAC task teams (NWTT/WITT) & (LRTT) established in terms of the Labour Relations Indaba Declaration, 2014 charged with the task of exploring new avenues that will render our industrial relations set up less adversarial, less conflict prone and non violent, but also re configure our collective bargaining arrangements so as to be more responsive to domestic challenges and shocks that afflict the labour market. Introduce a national minimum wage below which no employee should fall.

WITT – looks into the issues pertaining to the introduction of a legislated national minimum wage

LRTT – looks into issues pertaining to violent and protracted strike action; balloting of the strike; compulsory advisory arbitration and collective bargaining arrangements

These processes unfolding at NEDLAC, the nature of discussions and responses by various constituencies, are likely to bring new changes to the labour legislation thereby ushering another round of labour law amendments. If we could spend some time applying our thoughts to likely policy, instrument and institutional changes that would result from such engagements, the better.

Another process unfolding but goes unchecked, not by Unions (the agitators), not by workers (presumed beneficiary), not by business (the beneficiary) and not by Government (the benefactor and implementer) is the implementation of the Employment Incentive Tax Act 2014. SARS is implementing as ordered by National Treasury, as to who benefits who losses in the process is up to Unions to monitor and evaluate. Perhaps some allocation of resources towards this initiative might help build capacity for understanding this measure /subject.

2.3. General

There are numerous multilateral organizations working South Africa, sometimes through the tripartite structures of NEDLAC, at times not. Their activities are far ranging in scope, some known others unknown. For activities where COSATU is implicated, and in those projects where COSATU affiliates participate, clear monitoring and evaluation techniques shall have to be developed and applied to measure the progress of our involvement.

Decent Work Agenda is now a phenomenon adopted in many simply because it is programme/agenda supported by the United Nations, ILO, G20 Countries, ITUC and number of individual states.

What is South Africa's take on this phenomenon?

Is DWA a reformist alternative to our otherwise revolutionary programme or it provides a platform from which to launch some of the changes we want see happening in the labour market.

2.3.1. 2013/2014 Employment Equity Reports Findings

The 2013 and 2014 Employment Equity Reports have provided a very interesting but yet not a surprising read. These two reports clearly articulate that twenty years into our democracy, the strategic positions in the labour market are still occupied by whites in general and white males in particular. These Reports clearly shows that in the private sector white males dominate the top-management echelons by a 73% margin even though they only constitute 11.3% of the Economic Active Population (EAP).

White Males are more represented in senior management and receive the higher levels of skills development generally. This also means that White Males and Females received the bulk of the Senior Management promotions more than any EAP group in those years. Whilst Coloured Males lead in representation in the Western Cape, Coloured Males lead in the same representation in the Northern Cape. Indians are in the Lead in KZN and Africans in Limpopo, FS and MP. Whites Males and Females generally lead in the Western Cape

Indian Males and White Females were recruited into Senior Management more than their rate of representation in the EAP groups. COSATU has further supported the Department of Labour in its legal actions against those companies over 1000 who have failed to submit their Employment Equity Plans.

2.3.2. Occupational Health and Safety

The cost of occupational injuries and diseases in a study that was done in 1997 was at R17 billion, at that time it was 3.5% of the national gross domestic product. Unfortunately this amount in 2003 was up to R30 billion. These costs include loss of skills, retraining, replacement, loss of production and damage to property. The department of labour occupational unit does not have a system where these accidents and injuries are reported. This will also be exacerbated by mushrooming of SMMEs and the labour brokers which have high rate of accidents and are so poor in adherence to the Occupational Health and Safety Act.

COSATU is participating in a special project in the agriculture sector, the roving health and safety representatives in the farms. Business led by Agri-SA withdrew from the project claiming that trade unions were organising workers in the process of the project. It is very important that we continue and support this project; in fact this project has brought hope for farm workers who were not provided a very healthy and safe working environment.

The employers use all the tricks available to avoid provision of a safe and healthy working environment. The legislation also provides the space for employers to do that. The occupational health and safety act states that an employer will in a reasonable practicable manner adhere to the legislation. This concept is very loose in practice, and the employers will at no point adhere to a 100% safe and healthy environment. This is one concept that we must fight as the review of the health and safety act is underway in NEDLAC.

2.3.3. The Compensation Fund

The Compensation for Occupational Injuries and Diseases Act (COIDA) No 61 of 1997 provides 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”.

Government *White Paper on Social Welfare* (1996) and the *Green Paper on an Integrated National Disability Strategy* (1998) have noted that the burden of occupational accidents and disease are unduly shifted from employers to workers and their families.

The Compensation Fund has a reserve of over R20b. It is disturbing that with so much money that workers are still struggling to be paid if ever. COIDA requires that all employers should register with the Compensation Fund. The 2013 Tax Statistics showed that there were 2.2 million registered companies. This may be used as a proxy of the number of

employers in the country. The fund does not have capacity to monitor registration of the employers.

The Fund registered a total of 196,509 claims during the financial year 2012/13, 192,509 were adjudicated (98%) of which 129,405 were accepted. A total 325,981 awards amounting to the value of R480, 186,515 were processed for 2012/13.

Compensation benefits payments - temporary disablement, permanent disablement and pension payments

Year	No of payments processed	Amount	Processes monthly paid
2008/2009	327,647	R630,708,449	R526,371,359
2009/2010	340,159	R771,801,533	R572,023,432
2010/2011	329,109	R549,220,271	R581,102,286
2011/2012	205,150	R549,000,702	R735,859,691
2012/2013	325,981	R480,186,515	R798,291,067

If we compare payments processed in 2011/12 and 2012/2013, there is a huge improvement in the number and amount of claims paid. 2012/13 the amount paid has doubled as compared to the previous years. Why do we still have so many workers not paid, this is something that we need to investigate?

2.3.3.1. Beneficiaries of the fund

Category of beneficiaries	
Injured workers receiving pension	12088
Spouses receiving pension	12675
Adult dependant	598
Children	3614
Total	28975

For the financial year 2013, 934,834 medical accounts were approved, compared to 824,924 during the financial year 2012. The value of these medical accounts for 2012/2013 is R1.501 billion compared to R1.882 billion in 2011/2012

Year	Number of payments	Rand Value
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2006/07	886,511	R1,430,143,788
2007/08	777,320	R1,294,380,035
2008/09	815,045	R1,540,340,287
2009/10	781,249	R1,451,516,511
2010/11	868,284	R1,903,377,305
2011/12	824,924	R1,882,372,383
2012/13	934,834	R1,501,616,165

The key question for the table above is as the fund receives the medical invoices, why are these not captured at the same time with the claim for an employee to receive compensation, instead of taking more than ten years to pay workers. We do note that there are injuries that do not qualify for compensation.

2.3.3.2. Improvement on benefits for COIDA pensioners and policy development

The Compensation Board has reviewed the existing benefits and made increases in the benefits to be paid to injured employees and dependents in a form of lump sums, loss of earnings and monthly pensions. Major increases include the following:

- The monthly compensation pension increased by 6% plus 100% purchasing power of the low pension earners
- The minimum earnings increased from R3.406 to R3.645 per month for the Temporary Total Disablement (TTD) and for Permanent Disablement PD lump sum payment. **Earnings have a big influence in the calculation of benefits(minimum wage)**
- Maximum earnings increased from R24.336 to R26.040 (75% = 19.530) per month for Temporary Total Disablement (TTD) and monthly pension payments for Permanent Disablement (PD) for 31% to 100%
- Maximum earnings for the calculation of compensation for Permanent Disablement (PD) of 30% and less were increased from R13.630 to R14.584 per month
- The constant attendance allowance for pensioners who need constant nursing increased from R1.449 per month to R1.550 per month in addition to the monthly pension
- Maximum funeral benefits increased from R13.716 to R14.539
- Approval was granted for pensions below R1.000 per month to be increased to R1.000 per month, for employees and widow and widowers

2.3.4. Recommendations

It is crucial that as the federation and workers we stand up and demand an investigation of the Compensation Fund and to call for speedy COIDA reviewal in order to address among others the challenges discussed. COSATU must convene an Occupational Health, Safety and Compensation Conference, to develop a comprehensive policy document on integration of occupational health and safety, and adequate compensation system in the country. Critical issues to be included in this policy document are, amongst others, on integration of the occupational health and safety systems across all the sectors, effective prevention of work-related accidents and ill-health, and the control measures of hazardous substances at the source and Trade union participation in the development of workplace prevention programme

2.4. Social Policy Interventions

2.4.1. Healthcare

2.4.1.1. South Africa's Health Profile

According to the Department of Health (DOH), South Africa suffers from the quadruple burden of disease. This term describes the prevalence of the following main types of illnesses in the country: (a) HIV/AIDS; (b) Maternal, Infant and Child Mortality; (c) Non-Communicable Diseases; (d) Injury and Violence¹¹. The DOH acknowledges that the country's deaths associated with the above-mentioned categories of diseases are higher than most middle-income countries. For example, the levels of maternal mortality increased from 81 to 400 (per 100,000) between 1997 and 2005. Child mortality has decreased; however, it remains high at 68 (per 1000 live births).

This burden of disease can only be addressed by increasing citizens' access to quality and affordable healthcare. South Africa's constitution instructs government to: **take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of each of this right**¹². This constitutional right has been undermined by the commodification of health in South Africa. The main cause of this is the unjust and biased national health finance structure discussed below.

2.4.1.2. Financing Inequality

South Africa has the most skewed distribution of health finance in the world¹³. This is illustrated in the Twenty Year Review, which states that:

¹¹ Department of Health 2011. National Health Insurance in South Africa. Policy Paper

¹² Constitution of the Republic of South Africa 1996, Section 27

¹³ See table 1

Although South Africa spends about 8.5 percent of GDP on healthcare, the country has poor health outcomes, compared with other countries with similar, and in certain instances lower, national income and health expenditure per capita. This is attributed to two main factors. The first is the gross inequality where 5 percent of GDP is spent on 16 percent of the population while the remaining 3.5 percent of GDP is spent on 84 percent of the population. The second factor is the high cost of healthcare in the private sector.” (Presidency 2014: 61).

2.4.1.3. Universal Access and the National Health Insurance

COSATU has always argued that the only practical and justifiable solution is the introduction of a National Health Insurance. The objective of this policy will be to: provide universal access to quality health services; create a single fund to decrease financial risks associated with accessing health care ; procure services on behalf of the entire population and effectively mobilize and control key financial services; and improve the under resourced public sector¹⁴

The Department of Health published a green paper on the National Health Insurance in 2011. This decision was followed by the adoption of the National Development Plan and congress resolutions from the ANC’s 53rd conference, which both argued for the introduction of NHI. These developments are positive; however, it is important to raise the following policy issues that congress should deliberate on.

2.4.1.4. NHI Implementation and Policy Debates: NHI and the Private Sector

The NHI Green Paper (2011) states that the policy will rely on services provided by both private and public institutions.¹⁵ This is worrisome because the World Health Organization identifies commercialization as one of the key impediments to achieving positive health outcomes.¹⁶ COSATU’s submissions to the private health inquiry (2014) proved how commercialization has eroded the nation’s health system.

These high levels of commercialization can deplete the financial base of the insurance. More disturbingly, they can perpetuate the skewed division of human and financial resources in the country’s health system. COSATU has raised these concerns in its submission to the health inquiry.

Whilst in the process of issuing a White Paper in the implementation of NHI, there has been other intermediary processes which among others, includes piloting NHI as articulated above and the public sector medical scheme, GEMS. Adding to these developments, the Minister of Health, Dr Aaron Motsoaledi has announced proposed amendments to the

¹⁴ COSATU2008 position paper on NHI 2008 & Department of Health 2011.National Health Insurance in South Africa .Policy Paper

¹⁵ Department of Health 2011.National Health Insurance in South Africa .Policy Paper

¹⁶ WHO (2008). The World Health Report: Primary Health Care- Now More than Ever.

Medical Schemes Act, specifically pertaining to regulations set out to govern Prescribed Minimum Benefits (PMBs) and the way that these are paid by medical schemes in South Africa. Prescribed Minimum Benefits (PMB) is a set of defined benefits to ensure that all medical scheme members have access to certain minimum health services, regardless of the benefit option they have selected. The aim is to provide people with continuous care to improve their health and well-being and to make healthcare more affordable.

The fundamental implication of the amendment, if passed by Parliament, shall mean that all registered healthcare providers subscribe to a regulated tariff. Medical Schemes shall also be required to ensure that members receive uninterrupted treatment and care for PMB conditions, without benefit limits and/or co-payments. This amendment will be a symbol of victory for millions of medical scheme beneficiaries. Progressive as this may be, it however will not provide a more equitable and sustainable healthcare system in South Africa as envisaged in the NHI.

In light of the above, this national congress should debate on the following questions:

- Should the state use public funds to support private sector expansion?
- What is the future role of private medical schemes?
- What key policy actions should support the health user migration to the national health insurance?
- More importantly, how should the state regulate the private sector in order to meet the policy goals of NHI?
- There are many dangers associated with the dominance of private providers. Congress also needs to consider this from an ideological point of view. In other words, we need to consider our historical position of strengthening the public sector, and not privatizing our essential services. Regulation will not necessarily be adequate to address the systemic health challenges.
- This congress must discuss the strategic choice between the continued struggles by in the main our public sector unions to demand more funding for medical aids versus our struggle for the implantation of NHI.

2.4.1.5. Class Struggle and Financing the National Health Insurance

Conservative and neo-liberal economists have argued that the country does not have adequate financial resources to implement NHI. They also argue that the introduction of this policy will increase health expenditure in the long-run. These arguments have all been challenged by various studies and the primary costing estimates.

Neo-liberal supporters within and outside government have also suggested methods of financing that defeat the logic of introducing NHI. These include co-payments, financing through Value Added Tax (VAT) and multi-payer systems. All the above-mentioned payments will place an extra financial burden on citizens when accessing healthcare. The primary aim of the national health insurance is to entrench free health care at the point of service. According to the Green Paper (2011), there will be co-payments¹⁷ and investigations on the possibility of introducing multi-payer systems. It is silent on the question of using VAT. Treasury is primarily responsible for making the final decision on financing the NHI. Informal reports suggest that it wants to use the above-mentioned methods of financing. COSATU should defend the following resolutions adopted at the 11th national congress¹⁸:

- NHI must be funded via general revenue, taxes on high-earning self-employed individuals, payroll linked progressive contribution tax, tax on high earning individual taxpayers and contribution by employers.
- There must be no additional levies through VAT
- There must be no co-payments as those who can afford to pay will have paid through employee taxes.
- Tax subsidies to the private sector must be ended.
- The NHI Fund must be publicly-funded and administered with no outsourcing of administration.
- There must be no investigation into multi-payer systems.

2.4.1.6. Human Resource and Healthcare

COSATU has always pointed out that the human resource challenges in the sector are primarily caused by the skewed public/private divide. This was captured in the federation's position paper which argued that: ***“More than 60% of professional human resources in health are in the private sector and also as a result of agentization. As of 2006, 29% of the public health sector posts were vacant”***. It further noted that: “

There is also a common understanding that the push factors associated with migration and retention problems, especially in the public sector, include poor human resource management and weak support for staff, work overload and emotional burnout, training that does not adequately address human resource requirements of the country or equip staff to work in rural and under resourced areas, problems of working conditions, including concern about staff safety and remuneration levels ¹⁹

¹⁷ Under specific circumstances

¹⁸ COSATU2012: Socio-economic Section Resolutions adopted at the 11th National Congress

¹⁹ COSATU(2008) NHI position paper

The government must improve the status of health faculties in historically black/disadvantaged universities.²⁰

2.4.1.7. Health Literacy and Primary Healthcare

The literature on South Africa’s health challenges identifies hops centrism²¹ and the prevalence on non-communicable²² diseases as key challenges²³. These trends are mainly related to the level of knowledge that citizens have about health care. NHI is founded on the principle of primary healthcare, which seeks to create a preventative health care system. The successful introduction of primary health care is largely depended on the ability of citizens to develop essential health knowledge systems. Thus, COSATU should propose that the state works with organized labour and civil society to create a national strategy for NHI–related mass health education. Furthermore, the affiliates – through COSATU’s National Health Committee– should develop national education material and programmes based on NHI.

2.4.1.8. NHI Pilot Sites

The Green Paper (2011) identified the following pilot districts to implement the NHI.

Selected Pilot Districts and Respective Population Numbers

Province	District	Total Population based on STATSA 2010 Population Estimates
Eastern Cape	OR Tambo	1,353,349
Mpumalanga	Gert Sibande	944,694
Limpopo	Vhembe	1,302,107
Northern Cape	Pixley ka Seme	192,157
Kwa-Zulu Natal	uMzinyathi	514,840
Kwa-Zulu Natal	uMgungundlovu	1,066,150
Western Cape	Eden	558,946
North West	Dr K Kaunda	807,752
Free State	Thabo Mofutsanyane	832,172
Gauteng	Tshwane	2,697,423
TOTAL POPULATION		10,269,590

Notes: *KZN will pilot two (2) districts due to high population numbers and high disease burden

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²⁰ COSATU2012: Socio-economic Section Resolutions adopted at the 11th National Congress

²¹ Health system where the majority of health problems are dealt with at hospital level when patients already present with serious complications

²² Non-communicable diseases such as high blood, diabetes, chronic heart Disease etc caused by life style choices

²³ Department of Health 2011.National Health Insurance in South Africa .Policy Paper

There is no comprehensive report on the progress or challenges in these pilot districts. The Department of health and various civil society organizations have created tool kits for monitoring and evaluation. COSATU's national health committee has resolved to develop education material and a tool kit to monitor implementation in the pilot districts. The most effective form of assessing implementation is obtaining feedback from health affiliates structures. We need worker-centred accounts of the challenges and successes experienced in these pilot districts. Recent media reports suggest that the pilot districts are implementing primary health care effectively. This was cited in a health e-news article which stated that: ***The most immediate success is the school health teams, which have already screened over 280, 000 learners for eye, ear, dental and nutritional problems.***²⁴

The COSATU National Health Committee has resolved to embark on COSATU-led campaigns geared, amongst others, at supporting the government in its drive for a successful implementation of the NHI with public sector health care workers at the forefront of this support., create a national campaign on NHI and Improve training on NHI through workshops.

2.4.2. HIV and AIDS

Over the past four years, the HIV epidemic stabilised at a national antenatal prevalence of around 30% in South Africa. In 2009, it was estimated that 17.9% of the adult population was living with HIV. This was 5.63 million people, meaning 3.3 million women and 334 000 children. Whilst STIs such as syphilis have decreased in most provinces over the past 10 years, the prevalence of herpes simplex, which is a co-factor in the acquisition for HIV, is still high in many sectors of the population.

Government, through the Department of Health has made sure that all TB-HIV co-infected people (co-infection rate 73%) be put on ARV's with CD4 count of 350 instead of the current 200. It was then initiated that all pregnant women be put on ARV's immediately upon diagnosis, approximately 1 million pregnancies in 2013/14, 300 000 of them are HIV+. Therefore 60 000 CD4 count is 200 are on ARV's, this means the increase to 350 CD4 will add another 240 000. The DOH also concluded that all children under 1 year who are HIV+ be on ARV's soon after diagnosis.

It is estimated that 80% of the South African population is infected with the TB bacteria, but not every person will progress to an active TB disease. It is evident that some population groups are at higher risk of TB infection and re-infection - health care workers, miners, prisoners, prison officers and household contacts of confirmed TB patients. A group

Health E-News. 2015.NHI far from reality but progress made in improving public health

that is highly vulnerable include children, people living with HIV, diabetics, smokers, alcohol and substance users, people who are malnourished or have silicosis, mobile, migrant and refugee populations and people living and working in poorly ventilated environments. These groups are considered "key populations" for TB.

HIV infection fuels the tuberculosis epidemic, with more than 70% of patients co-infected with both infections. This means that our response must be holistic.

In this period under review, COSATU and affiliates have embarked on several activities, including workplace HIV policy review to incorporate TB, HCT@WORK campaign, male medical circumcision, collaboration with other civil society sectors, strengthen our participation in the South African National AIDS Council, provincial, local and district councils, stigma and discrimination.

2.4.3. NEDLAC – labour department, business and labour

One of the areas that the NSP highlights is HIV discrimination in the workplace. The NSP Sub-section 4.2 gives a clear directive, that there must be reduction of HIV and TB discrimination in the workplace. That the focus is on those workplaces where unfair discrimination is most likely to remain unchecked and workers are least likely to be able to access legal services. There must be legal frame work developed to deal with unfair discrimination. Develop a national campaign against unfair discrimination.

Labour, business and government (DOL) with the assistance of SANAC secretariat, under the auspices of NEDLAC should assume responsibility for the conceptualising, developing, resourcing and implementing a multimedia campaign to address unfair discrimination in the workplace. The campaign will address how HIV and TB are acquired and treated, what services are available for prevention, and why discrimination cannot be justified. The NSP further states that there is a need to empower employees in small and informal workplaces. The department of labour and SANAC should conceptualise, develop, resource and implement a plan to build capacity of organisations working with or representing employees in small and informal workplaces. These will include domestic workers and farm workers. Such a plan should involve material development and training on HIV and employment law. We are engaging the SANAC secretariat to begin implementation on these activities, noting that there is no data on discrimination or stigma in the workplace.

2.4.4. COSATU and affiliates work

We participated in the South African National AIDS council, lead by the President and the 2nd deputy president. We also have representation in all the provincial AIDS councils. All the sectors in SANAC were requested to develop their individual programmes linked to the NSP, and COSATU did that and was presented to the SANAC civil society forum.

As COSATU, we held several meetings with affiliates to discuss the Code of Good Practice on Aspects of HIV which was reviewed to integrate TB. Various affiliates led similar campaigns such as NEHAWU, DENOSA, SACTWU, POPCRU, SASBO, CEPPWAWU, CWU, SACCAWU, NUM and SATAWU. We have tabulated numerous recommendations, amongst others, that COSATU National Health Committee should develop, monitor and evaluate a comprehensive programme to continue our response to HIV and AIDS, TB and STI.

2.5. People's Education for People's Power

The 11th Congress resolved that Early Childhood Development (ECD) as the foundation of learning must be properly administered and adequately resourced with trained personnel who will form the basis of seamless progression of our schooling division to assist growth of the learners.

The current structure in ECD still allows for an inter-ministerial approach to the work. There are about three key government departments that are involved Department of Social Development (DSD), Department of Basic Education (DBE) and Department of Health (DoH). The ECD resourcing is still a problem as reflected in the DBE 2014/15 APP.

Centralising the distribution of resources, good management and administration of the system including scholar transport, school feeding scheme and provision of Learner Teacher Support Materials (LTSM).

In 2013, we engaged extensively in the design of the Minimum Norms and Standards of School Infrastructure at NEDLAC. These regulations were finally passed in December 2013. The huge shortfall is that they direct Provinces in the development of new schools in the main but are not very firm on the eradication of mud schools, the eradication of two-tier schools and the general provision of infrastructure gaps in largely the township and the rural schools

The Department of Higher Education has started with the process of opening the closed Colleges. Many will be preserved to their past provisioning but others will now be converted into the Community Colleges as envisaged in the New Further Education Draft Legislation

Minimum Norms and Standards of School Infrastructure cover the aspect of Sports, arts and cultural provision in education. The challenge remains however in the apartheid planning where rural and township school spaces were not zoned as those in the white suburbs. This therefore disallows the enforcement of the regulations in their current form.

The Education Accord has no Monitoring mechanism. This therefore makes it impossible to ensure that our school adoption and even SGB participation is properly monitored.

In 2012 the federation developed a concept paper on the finalisation of infrastructure backlogs and development and this should be linked to the notion of an ideal school. The concept paper served as the basis for the Minimum Norms and Standards engagement. After its development it in 2012, it presented at both the Education Conference and Congress and refined later.

In the current financial year we have even seen in this sector an even more concerted attack on the public sector generally and more so of SADTU. The recent example in point is the public squabbles with regard to the ANA processes in schools. This attack is largely informed by the global attack by capital on collective bargaining and even collective agreements. The other examples were the recent DPSA salary agreed offerings of 7% vs. the unilateral positions of 6.4%. Such examples also include even the FMF attacks that were started by auto employers. These attacks were also incorrectly publicly portrayed as a refusal by SADTU to agree to assessment processes. These were very clear lies peddled even after SADTU and all Education Unions had demonstrated that they were speaking with One voice on the matter and were in fact not against ANA but had agreed on its revamp for February 2016 implementation. These attacks were also a clear sign of the Minister being forced by her juniors in the form of MEC's which calls to question the role and function of provinces in the public space

The fixation is just with the portrayal of educators as "losers with fat cheques" that are in fact are being load shedded. At the centre of these educators and in their defense then the attack on SADTU

Congress needs to issue a very strong statement against this attack on the public sector workers who carry the load of the societal problems without the corresponding human, financial and even infrastructure resources to dispense of their mandate

It must be understood that standardized tests in the form of ANA for insistence do not add any value to a learner or the education system. There must be a system that will develop a complete citizen, who will think and act independently while contributing towards the development of society. The standardised approach to education must be seen for what it is, a disservice to working class children, and a human production line of labour for the market. The vocation of education workers must not be about producing uncritical, human robots just meant to be a Labour Force for the maintenance of the current system of production.

The education sector is an apex priority and must be treated as such. It is the backbone of our developmental trajectory; it is on this same note that the federation must call on the employer in the basic education sector to implement all outstanding collective agreements. Such agreements include the 0, 5% parity for teachers, the publishing of the agreed upon

Personnel Administrative Measures, the review of the Peter Morkel Model dealing with Post Provisioning Norms and the finalisation **of an agreement on the conditions of service for both AET and ECD practitioners.**

We must prioritise and call for the radical transformation of the schools' curriculum. Contrary to what the neo-liberal grouping would like us to believe, education is not ideologically neutral. The current curriculum is inherently neo-liberal and does not allow adequate space for other schools of thought.

2.5.1. Post schooling Education

There is poor DBE work due to the lack of formal and consistent structures but more with the DHET as the latter has those structures. However both SADTU and NEHAWU have ongoing forums with both the two Departments on an ongoing basis.

The Education Coordinating Committee has been established with the large SADTU and NEHAWU participation. This structure looks at the issues of education campaigns and seeks to synergise them within the Federation. The two Affiliates also have their own internal structures that seek to ensure internally synergized processes in education.

Education Alliance work with SADTU, NEHAWU largely convened by DHET. This then takes the form of Government to Civil society as opposed to Party to Party engagement and relations.

The campaign to challenge the corporatization of the higher education system through privatization, outsourcing and the use of labour brokers in the sector is largely undertaken by NEHAWU as the majority represented union in the higher education sector. SASCO has also been very critical and vocal in its fight of the financial exclusions, high fees not relating to NSFAS grants, admission rules and their points criteria. The DHET on the other hand has questioned the academic independence of institutions in relation to such matters

The 11th Congress called for the DHET to establish a committee to ensure that the proposals and agreements in the National Skills Accord are implemented. The Committee is up and running. There are regular reports submitted to the CEC for evaluation. Indications are such that whilst artisan training is improving, the higher level like professionals is not at par with the Accord because the bulk of the funding is channeled to artisan training.

The SETA's will in 2016 need to have their existence licences renewed. The current proposals in the DHET involve either to have a Departmental Centralised Unit clustering all of the common Corporate Services into One Single Entity and thereby rolling back the markets which we have seen for the past more than Fourteen Years controlling and centralizing the Corporate Services of SETA's and leaving those with the low levelled

financial margins and the Public Services Related Ones without Public Funding Support at the brink of collapse. The other Option is to Cluster the SETA's into between six and Nine SETA Clusters. We have in the process raised the following key principles which are:

- That SETA's need to prioritise Critical Skills Areas that were agreed upon in the Skills Accord and channel the funding adequately and strategically move away from the compliance short term and privately provided expensive training programmes
- That the Grant System must then follow the Skills Accord Scarce and Critical Skills Areas concentration. This was unfortunately contested by Capital led by BUSA leading to a court judgment that have since favoured them
- That SETA's must have Provincial Footprints so as to link with the developmental initiatives and priorities and thereby account for its successes and failures from a Regional basis
- That the Skills Development processes must be fundamentally be informed by a focus on the Lower levels with the view to lift them up and be totally aligned to the Transformation process as undertaken through the EEA processes
- That SETA's need to be Licenced for Lifetime duration like all other Public Entities subject to the periodical reviews but we are strongly opposed to the current system of Five Year terms of Licences
- We have also raised the fact that SETA's largely underperform as they spend very long periods in sessions of establishments and re-establishments
- That we are seriously concerned with the plight of the employees who continue to toil under unfavourable and even uncertain working conditions
- That the Skills Development Levy Act be amended to cover the Public sector and also to factor periodical increases from 1%- 2- 4%so that the human resources development processes can be transformed as mere processes to a spectre of a total revolution. The state is seriously shying away from such engagements and boldness

2.5.2. Recommendations

- Congress in terms of the related Commission need to give a careful consideration of the reversal of the mandatory grant decrease in the Skills development levy grant system through the BUSA judgment and give a clear mandate in the fight against labour brokers being given shelter by capital. The recommendation is for COSATU to argue for an even greater reduction of the mandatory grant with a sole aim of rolling-back the markets in the skills development arena
- Congress need to come clear on the conflicted role of the Private Providers largely in the form of the labour brokers who continue to play referee and player and are heavily conflicted and profit oriented in skills development

- Congress also needs to resuscitate our 1996 NEDLAC demand on the levy increase that sets aside National Skills Fund portions to increase the NSFAS. This should be extended to other Public financial schemes like the UIF and even our own Union Financial vehicles to amass as much to drive the developmental agenda

The mergers discussions are ongoing. They have resulted in the re-establishment of MEDUNSA .This will also lead into the creation of the Public Health school at Turfloop and the re-capitalisation of many other institutions.

The Federation has engaged the DHET and many institutions directly on the aspects of the Soudien Report. The DHET has responded by provide Infrastructure grants too many FET's and HET'S to upgrade their facilities. To our dismay many affiliates and SASCO are reporting that such facilities are in the main out of the reach of poor students as they are perked at a higher premium than the other old facilities. We are equally receiving disturbing reports that such facilities constructed through public funds end up being managed by private groups including private security. The other institutions have in the meantime continued with incidents of racism in the residences that have led to even the losses of life and mostly dropouts from the institutions.

The construction of the Two New Universities in the Northern Cape and Mpumalanga has commenced. The Federation is also represented in the Councils of the Two Universities and more permanent Councils will be composed in the near future.

2.6. Retirement Funds

We have engaged with Meetings with Treasury, DoL and Social Development around the vulnerable sector retirement fund. We are expecting to have meetings with relevant Ministers in this new administration. A 6-a-side task team has been established at NEDLAC to begin preparations for engagement on this matter. We have also had meetings with ILO, DoL and some experts. NEDLAC MANCO has agreed that this matter is part of Comprehensive Social Security matter; it must deal separately by the same committee. We have set up an internal task team comprising of all relevant affiliates, we also invited ASISA, DoL, and DSD & National Treasury officials prepare to certain policy matters like contributions, governance structure, and more as part preparing and capacitating our team for NEDLAC engagements.

2.7. Financial Sector Charter

Full complement of board members from COSATU was appointed. We still lack capacity in participating fully in all the committees to make sure that there is implementation of the charter. Government from DTI, National Treasury and Presidency are not putting human resources for this work to be carried out. Government deploys to the board of FSC charter cannot take decisions in most cases and affects its functioning. The impression we get is that they (government) does not take this charter, by extension transformation seriously anymore. We are in process of reviewing Financial Sector Agreements of 2002 to check if the industry is indeed transforming for the benefits of its and particularly working class or it is continuation of the small elite, with the same recycled group. Financial Sector Campaigns Coalition (FSCC) led by the SACP is holding a review conference in mid-August 2014 of NEDLAC Financial Sector Agreements 2002. Further developments shall provide in the Central Committee regarding its outcomes.

The 2013 Review on the transformation of the Financial Sector Charter was completed a month ago and the Reporting Working is analyzing it for the Board to sign off or not. However, there are few issues which once a clear picture emerges will be provided to our NOB's for guidance. For now I need to report on:

Once Empowered Always Empowered

- (a) This is going to be one of the sticky points as trade associations believe that where a BBBEE deal was concluded before the current BBBEE Act was passed by Parliament, and a black shareholder decided to sell his/her share from back to original shareholder, it must be assumed that they are empowered even though the company is back 100% white owned. It is very a very controversial issue as mean that transformation can reverse back to pre- 1994 and majority of black people and Africans in particular should accept this, which it is impossible.
- (b) There is however, an idea of a Black Industrialist Fund (BIF) which is meant to replace Ownership. The idea is that over and above the BEE R37b Financing quantum, a further R25b should be made available to fund Black Industrial with a decent job creation as one of the key elements.

The 11th Congress resolved that COSATU should support the SACP's Call for the Presidential Black-listing remission of all South Africans blacklisted for up to a **maximum of R200 000.00** and that this amnesty is once-off and should include the expunging of records.

According to Stats SA 60% of all workers earn R5000 or below. Furthermore, according to the SA Reserve Bank for every R100 earned by worker 75 goes towards payment of credit and only 25 is left for saving and other necessities including food. The 2007 credit amnesty was limited and once off. The 2014 amnesty was expanded to include the following; once

off amnesty on adverse listings and on paid up judgments. These measures gave limited relief to consumers and were progressive. A consumer no longer needs lawyers to rescind a paid up judgment. The consumer only needs to send a certificate of settlement of debts to credit bureaus and all other bureaus need to remove these judgments on their credit records. This would result in savings for consumers. However, they are not adequate as consumers are still given expensive credit. There is need to regulate and reduce the price of credit and other credit costs.

All paid students loans should be written off and removed from credit bureaus.

COSATU should build the Presidential remission in its economic campaign programme as a priority and work with the SACP to re-launch the financial sector campaign to target transformation of the financial institutions.

There should be regulation of credit providers in particular to introduce stringent requirements for registration of credit providers, and the prohibition on advertising and giving of credit and reckless credit.

Students' loans should be excluded from the NCA and be regulated by a different specific law. The inclusion of educational loans in credit bureaus violates the right to education. .

COSATU should build the Presidential remission in its economic campaign programme as a priority and work with the SACP to re-launch the financial sector campaign to target transformation of the financial institutions.

There should be regulation strict regulation of credit providers in particular to introduce stringent requirements for registration of credit providers and to prohibit advertising of credit and giving of reckless credit.

There should be increased funding to the National Credit Regulator. The current funding of R10.9 million for the 2014/15 financial year is insufficient to regulate the credit market sector in particular the big 4 banks who are not willing to comply with South African laws. This funding should be tripled and there should be a threefold increase of the NCR personnel.

Some of the credit bureaus are foreign owned. Credit bureaus should be nationalised. Only the state should be running credit bureaus because of private ownership including foreign ownership credit records pose a threat to national security and constitute a violation of the right to privacy.

2.8. Public Transport

Most citizens do not have access to reliable, affordable and safe transport. This is illustrated by recent reports which indicate that there are serious challenges in the nation's transport system.

The first one is the current state of the Metrorail train services. Commuters continue to be affected by the infrastructural backlogs and challenges which cause train delays. This problem is most prevalent in the Western Cape, where workers have lost their jobs or experienced pay cuts as a result of late arrivals. The National Household Travel Survey (2013:56) highlights this point by stating that the number of workers who wait for more than 15 minutes has increased nationally from 6.8% in 2003 to 10.3% in 2013. Moreover, some citizens' homes are too far away from train stations. This problem is most prevalent in Gauteng where 52.6 % of households were dissatisfied with the distance between train stations and their homes ²⁵. The current structure of the rail system limits access to public transport.

Another concern is the safety on the trains, which is compromised by poor maintenance and over-crowding²⁶. The safety of commuters must be prioritized at all times. Thus, we call on government to speed up the process of revamping trains and expanding rail networks. These interventions are important for dealing with the above-mentioned safety challenges.

The second major challenge is the slow progress made on developing integrated public transport networks. South Africa has a multi-faceted public transport system; but it is not well coordinated. The fragmentation of transport services in the country continues to undermine access to affordable, safe and reliable public transport. COSATU reiterates its position that the public transport system should be well coordinated and integrated. In our view, this is crucial for enhancing local economic development and eliminating the apartheid spatial challenges.

The third obstacle is the integration of public transport into strategies of providing other basic socio-economic services. Most citizens, especially those in rural areas- cannot access social services such as health because of lack of transport. The country's transport system must support other areas of social development. COSATU believes that the state should improve intergovernmental coordination of public transport provision so that it is linked with the provision of basic services. In addition to this, transport infrastructure, especially in rural areas, needs to be expanded and improved. According to the National Household

²⁵ Department of Transport: 2013: National Household Travel Survey

²⁶ Department of Transport: 2013: National Household Travel Survey

Travel Survey (2013) “the most important mentioned problem nationally was the poor condition of roads”²⁷. Therefore, it is integral to prioritize transport infrastructure development. This is critical for improving access, and decreasing the prevalence of accidents.

The last and most important concern is the finance model used in the South African public transport system. It is unjustified to increase prices while reducing state funding. Government is fully aware that rail operating costs have increased; but it decreased the state subsidy. The end result being price hikes which will place more financial burdens on the working class and poor. According to Metrorail, passengers will have to pay “50 cents more for single tickets, R1 more for return tickets and 15 cents more a trip for weekly and monthly tickets”. COSATU believes that this increase is unjustified, because it is mainly caused by the reduction of government’s subsidy

COSATU is also concerned about the usage of taxpayers’ money to subsidize the operations of the Gautrain. In our view, it is unjust to use public money to fund a transport service that caters for a small portion of the population. It has been reported that the Gautrain is costing taxpayers R84 million a month. COSATU believes that these funds should be redirected to the expansion and improvement of the public transport system. The operations of Gautrain are being financed by the majority of the population; whilst the service is only used by the urban elite.

2.9. Audit of governance of union investment companies

Realizing various challenges confronting the entire federation, including challenges relating to investment companies, the CEC resolved that there must be a special focus to build capacity for our organisations around matters of governance which were at the centre of the problems engulfing our organisations, including COSATU. This process was to unfold based on two stages, the first one was to include properly articulating the nature of the problem confronting our organisations relating to governance, the second one included sourcing expertise from outside agencies such as the Financial Services Board (FSB), our auditing firms to workshop us, and thirdly to identify target group for such a workshop which may among others included union leadership and our trustees, and forth phase was going to be a roll out of the training programme.

Two facilitation processes with the Financial Services Board (FSB) were postponed due to non-availability of the comrades who were supposed to attend. However, meetings were with the FSB and ready prepared to assist. This particular programme is not going to happen unless there is cooperation from union leaders and CEO of investment companies. We are in the process convening a facilitated meeting with FSB, King and relevant COSATU officials

²⁷ Department of Transport : National Household Travel Survey 2013

to develop a programme, plan and identify strategic objectives and approach to the workshop.

Recommendations: on Union investment companies

Unions have been getting involved in investment through union investment companies in the past few years.

A number of problems have become apparent:

1. The separation between unions and investment companies has been blurred,
2. In many cases union officials gain financially, through access to cheap shares or directors' fees ,
3. There is no clarity about the strategic goals of the investment funds decisions about investment,
4. Funds have sometimes been taken in deliberate secrecy, preventing members from participating,
5. Investment companies have at times drawn on worker retirement funds to finance deals.

The above problems point towards possible dangers: unions lack coherent policies on investment by their investment companies: this has led to divisions and conflict in the unions over the behaviour of investment companies.

The lack of democratic participation: this process could exacerbate the gap between leadership and base in the unions. If some of the investments go seriously wrong and workers or the union loses money, this could precipitate a serious crisis.

What kinds of deals?: Some unions motivate their investment companies as generating income for worker benefits such as bursaries for workers' children, but their investments tend to involve deals that will only generate income in the long term.

Business is business: none of the investment companies seem to be guided by any social criteria about what to invest in; in fact many unions explicitly say that investments should not be influenced by union principles as "business is business".

This attitude undermines long-standing union demands that capital should invest in socially responsible ways, create jobs and boost the working class bias development programmes of the country .

The real danger is that instead of trying to influence the pattern of capital accumulation, we accommodate ourselves to it, even through engaging in privatisation.

Options: There are three possible strategies COSATU could adopt:

1. Continue as at present: all unions establish investment arms, and engage in individual, often contradictory deals. Unions cease to show interest in actively shaping economic activity or policies. Some investments will lead to high profile disasters or scandals. Members will react with outrage, rejecting leadership. Union splits or decline may follow.
2. Opposition to investments becomes dominant: a wave of resistance to union investment companies forces unions to withdraw from all investment activity, including pension funds. Unions lose their potential opportunity to influence investment decisions in the economy.
3. Unions adopt coherent policies and resolve the above problems: after full democratic debate, unions develop guidelines for investment which correspond to union principles and

union policies on the economy.

There is much less risk of scandals or membership revolt. Strategies of business and government are contested. If COSATU decides to continue with its investment companies, it will have to consider what the most effective role for union investment companies to play would be.

The current model is that the primary role of the union investment company is to invest and take partial or full control of the companies it invests in.

The purpose of the investment is the same as that of other capitalist shareholders - to make as much profit as possible. We suggest that the goals of union investment companies should be radically broadened, to include the following 6 goals:

1. To influence investment patterns so that investment generates real productive activity and jobs
2. To replace the way enterprises are currently managed with democratic governance
3. To use the profit generated from enterprises in the social sector for the benefit of workers and communities
4. To tie control of capital and assets to local community/worker ownership, and so limit the ability of capital to abandon communities or South Africa
5. To find creative ways to redistribute productive assets
6. To establish collective and social forms of production, as part of a movement towards socialism

The powerful investment companies must be aligned with the general strategic perspective of the union movement on investment in particular, and transformation in general.

2.9.1. Kopano Ke Matla

Kopano ke Matla (KKM) is a COSATU investment arm formed as part of a resolution to ensure that our organisations have a war chest to advance our struggles without lack of resources. Like other investment arms in our unions, KKM has had its share of challenges. Over a long period, the state of Kopano Ke Matla has left more questions than answers, particularly with regard to the state of its finances, which remained unknown to the federation. This has become to worrying, given the fact that over a long period, the federation has never benefited any financial gains from Kopano ke Matla. This is with the exception of few projects which include the controversial purchasing of COSATU House, which remains like an albatross hanging in the life of the federation. It is these concerns which led the CEC during early 2005 to take a decision that there was a need to conduct due diligence in the affairs of KKM. In the recent past, the financial services board conducted its own independent investigation which produced results which are worrying, causing the CEC to take a decision that more investigation needed to be done. A more elaborate report will be circulated separately.

As all these developments were unfolding, the former CEO resigned when he had to assume his role as an acting CEO at Eskom. In the absence of the CEO, the interim arrangements with regard to managing KKM included the following:

- a) Legal and Compliance as highest priority and ensuring that trustees are registered with the Master of Court.
- b) While waiting for confirmation from The Master of Court, that in the interim the unregistered board of trustees can advice and act on behalf of the trustees for as long as they mandated by constitutional structure. This has been confirmed by the FSB. Only then will we be able to monitor implementation of Congresses resolutions.
- c) Employment of a CEO should be a priority so that other governance issues are followed through, confirmed to the trust and implemented.

QUESTIONS FOR CONGRESS

- This congress must confront the issue regarding the state of our investment companies focusing on the following:
- Why did we establish investment companies, are they still in line with the original mandate?
- If we continue with investment companies, what possibilities exist to harness them

from a single point of coordination as part of maximizing their impact

- What must be role of the investment companies in the current period?
- What should be the guiding principles and/or protocols on the functioning of investment companies, e.g. areas of investment (can we invest in e-tolls and the national lottery)
- How should the functioning of investment trustees be regulated by our unions?

2.10. Preservation of Retirement Funds Benefits

The National Treasury has made proposals with regard to preservation of Retirement Funds Benefits, this included the following:

- Any amount accumulated before March 2015 will not be affected. Worker can take 100% benefit in a lump.
- Individuals older than 55 years will not be affected.
- Preservation after March 2015 for less than R150 000 will not be affected. 100% withdrawal will be allowed.
- Effective date after 2015 on preservation proposal still to be agreed in NEDLAC if we accept the above-mentioned proposals.

This matter is currently at NEDLAC MANCO's as part of the issues handled by the Comprehensive Social Security and Retirement reform task team. A status reported has been communicated to our structures. Provincial workshops are also organized to explain these preservation proposals.

2.11. Single investment vehicle for retirement fund

Consolidation of retirement funds and creation of single investment vehicle is currently underway. We are presently developing conceptual paper with inputs from actuaries. It is envisaged that this paper will be presented in the first CEC after the 12th National Congress. However, there is a need to deploy more resources to do this work and conduct a research.

Consolidation in terms fragmentation of funds has happened for the past few years without our participation. Commercial umbrella funds have been established by the industry and we have raised concerns about this which included the fact that it was circumventing Act. The commercial umbrella funds takes all smaller funds (keep benefits as they are as they

get integrated, in some instances changes benefits) and the insurance will appoint all trustees.

In 2009 there was +- 13000 funds and these have been reduced to +- 3000 in 2012. Very few of these funds were consolidated in union controlled or influenced national funds.

2.12. Council of Retirement Funds of South Africa (BATSETA)

Trustee Training

Batseta was launched in KZN on the 8-11 June with 18 Directors. These directors are expected to make sure that we have a trustees body which will engage with all stakeholders in the Retirement Funds Industry.

We participated in the development of the FSB trustee training tool kit. The purpose is making trustees understand and appreciate their responsibility as outlined in the Pension Funds Act and the Rules of these Funds.

Currently it is a requirement for trustees to attend training through accredited trustee training. The same will apply for COSATU Provident Fund trustees.

2.13. Workers Bank

Since this resolution was passed nothing was done except for the decision which calls for Teba Bank (Unibank) to be used and turned into a worker's bank. Even the decision is not clear on the participation of other unions. Teba was owned by both NUM and the Chamber of Mines.

It is unclear if the current shareholders are prepared to dilute their shares to allow for the participation of other COSATU affiliated unions and other outside parties. Does it mean that affiliates will participate but ownership remains with the mining sector? Are there other options and scenarios available to the federation on this matter?

Possible Scenarios

Starting a new bank is going to be very costly, time consuming and might end up in wrong hands from the initial strategic thinking of the federation in that the owners and the beneficiaries might not be members of the federation

- Partnership with an existing State Owned Enterprise- financial institution might be a better option.

- Whichever option we may choose, there is a need for international lessons from federations and unions on how their worker's bank were established, managed and controlled.
- We also need to clarify the role of our investment companies.

2.14. Retirement Funds Industry Overview

The retirement funds remains the biggest and only form of saving for workers in particular for workers in the formal sector of both private and public. See stats below:

Retirement Funds Ending 31 December 2012

<i>Financial Year</i>	<i>2010</i>	<i>Change %</i>	<i>2011</i>	<i>Change %</i>	<i>2012</i>	<i>Change %</i>
Number of funds	10 125	0.2	9 505	(6.1)	6 581	(31)
Membership (000)	12 289 000	5.3	13 750 000	11.8	15 005 000	9.1
Contributions (Mr.)	129 006 000	14.8	142 650 000	10.6	160 769 000	12.7
Benefits Paid (Rm)	141 404 000	3.8	147 995 000	4.7	164 182 000	10.9
Assets (Rm)	2 198 384 000	17.2	2 429 843 000	10.5	2 749 145 trillion	13.1

FSB integrated annual report 2014

According to the FSB report, around two-thirds of retirement funds members in South Africa, as at 31 December 2012, were active. Meaning they were employed and contributing to their different respective registered funds. The remainder was pensioners, deferred pensioners, and unclaimed benefits members.

Total benefits paid by retirement funds in South Africa including pensions, lump-sum benefits, death and resignation benefits increased by 10.9% in 2012. While the industry assets increased by a total of 13.1% in 2012, with the net assets of privately administered funds rising by 12.8%. The total retirement funds as at the 2012 in the private sector alone were: R2, 7 trillion. *See figures above.*

With reference to the de-registration of funds, 3078 were deregistered which represent about thirty one percent (31%) for the period under review. While this is a positive step for small funds in that it result to economic of scale, and diminishes the costs of running these funds to manageable levels. Unfortunately, the difficulty is that many of these were integrated and taken over by service providers into their commercial umbrella funds supported through a FSB led process. These commercial umbrella funds are managed, administered, governed and sponsored by service provider. They render all services to each from the same company. Members do not have a direct link with the fund to exercise their democratic right to elect trustees of their choice as stipulated in the Pension Funds Act of 1956 as amended. They cannot question and address issues that neither affect them as members nor are they able to address any conflict of interest arising from these service providers who decide about everything regarding the fund.

Retirement Funds

- 12 New Funds registered
- 3 887 participating employers registered under umbrella funds
- 187 on site visits identified significant supervisory issues

2.15. Financial Services Board

The Deputy Executive, Rose-Mary Hunter was employed by National Treasury over a 3 year contract as Deputy Executive responsible for retirement funds.

2.15.1. Financial Services Board Structure

The FSB Advisory Board which was representative of all stake-holders was repealed through an amendment to the FSB Act of 1990 and this gave rise to the Boards of Directors who were drawn from the industry only deciding and running the affairs of this strategic institution. Our strong belief is that retirement funds belong to members and there can be no discussions, planning and strategy to take the retirement industry forward without members. We are engaging government to review representation on this structure to have organized labor representation and reduce service providers' representation.

On the transformation of the Executive Board of the FSB, this is how the 2015 structure looks like:

The Executive Officer is Dube Tshidi

Deputy Executives are as follows:

1. Jonathan Dixon: Deputy Executive (Insurance)
2. Jurgen Boyd: Deputy Executive (Collective Investment scheme)
3. Bert Chanetsa: Deputy Executive the only black African but of Zimbabwean origin (Investment Institution)
4. Caroline da Silva Deputy Executive (FAIS)
5. Rose-Mary Hunter Deputy Executive (Retirement Funds)

The structure is a reflection of an institution which in terms its mission is supposed to transform the industry among other duties is expected to perform. As it stand and reflected here, there is no way that it will do that because it reflect the interest of big capital. This “Irish Coffee” scenario reflects how this industry and financial sector generally continues to dominate our economy through a minority white population. One of the questions government and National Treasury in particular as a responsible Ministry must addressed is where are local African professionals? Why twenty five years since the Financial Services Board Act was passed National Treasury still appoints and believe whites and other minority is the competent and capable people hence their only appoints as Deputy Executives and if an African is appointed he is not from our republic. We must be continuing to address these matters with government.

These matters were taken up with the Minister including our call to stop his deputies from dealing unfairly with union /worker led funds. These funds were established by trade unions as rules of many retirement funds then did not allow membership of black workers.

2.16. Government Employees Pension Fund (GEPF)

As of the 31 March 2014, active members of GEPF were 1 276 753 with total assets of R1, 4 trillion. Of the total contributing members of GEPF 58% are females and 42 males. This is a defined benefit fund, therefore these pensioners (406400) are members who retired with one third lump sum benefit paid out to them and three third as a monthly income (pension) for the rest of a member or spouse life as at the 31 July 2013.

During the period of 01 July 2014- 30 June 2015 the fund experienced huge withdrawals of 46 945 and 7391 death and as such benefits were paid out to these members as result of these resignations. Compared to the period of 01 July 2013-30 June 2014 where 38 634 resignations. For the past twenty four months 85 579 members resigned in the public sector alone. We traced this resignations two factors in the public sector as (1) Disclosure of

retirement funds benefits information to members (2) Taxation Laws Amendment which brought in preservation of retirement funds through back window and resignation of workers fearing that government was going to nationalized their pensions.

For the previous financial twelve month period We provide more details here below regarding this matter of mass resignation safe to say even this law was implemented it want not going to affect civil servants who are members of GEPPF or any define benefit fund.

Period	New Resignation Cases Received	New Death cases Received	Total
July 2014	3 528	697	4225
August 2014	3 456	721	4177
September	3 726	806	4532
October 2014	3 717	634	4351
November 2014	4 482	752	5234
December 2014	3 411	483	3894
January 2015	3 811	409	4220
February 2015	4 949	556	5505
March 2015	4 236	557	4793
April 2015	4 334	566	4900
May 2015	4 055	685	4740
June 2015	3 240	525	3765
Total 12 Months	46 945	7 391	54 336

Government Pension Administration Agency

2.17. Taxation Laws Amendment Act 2013

Taxation Laws Amendment Act, 2013 was passed by Parliament initiated by National Treasury passed which in the main seeks to achieve the following which we welcomed:

- Amendments to the Pension Funds Act to strengthen the governance of retirement funds by allowing the Registrar to impose fit and proper requirements on fund trustees. This we argued must be accompanied by some strong action against service providers who charge exorbitant fees to workers' savings and many other forms of abuse funds.
- A requirement for trustees to be trained, however, this must be accompanied by a regulated full paid time off for trustees, and a clear program of training to be provided by each fund. We should also deal with the Recognition of Prior Learning to address the legacy of the past. Some trustees have the knowledge but are not recognized as competent due to lack of certificate to prove their competence.
- Most importantly, this should not be used as a barrier for black African workers to be trustees or as an attempt to circumvent the Act on democratization of boards of trustees.
- And by clarifying the fiduciary duty owed by trustees of a fund to its members and to the fund itself, as well as other technical changes. This is even more important as there are grey areas or lack of understanding on the fiduciary responsibility of trustees.
- The criminalization of non-payment of contributions to retirement funds by employers, delinquent employers have been made personally liable for their non-payment of contributions and whistle-blowers are better protected.

However, as COSATU, we had serious problems with the following amendments as they introduce preservation through the back door without an agreement:

- From 1 March 2015, new contributions to any retirement fund will be subject to the same tax dispensation, and these contributions, and growth on them, will be subject to the same annuitisation requirements when members retire (that is, that no more than one-third may be taken in cash and the rest must be taken in the form of a pension). Vested rights have been protected (all contributions in the name of the members), so members who have contributed to provident funds before 1 March 2015 will still be able to receive their benefits in respect of those contributions in the form of lump sums or in terms of the rules of the fund at retirement. Provident fund members over 55 on that date

will be able to receive lump sum benefits in respect of contributions made to those funds after 1 March 2015.

- These changes meant that Provident Funds as we have known them will not be the same come 1 March 2015 and beyond. In fact there will be no provident funds if we allowed implementation of this Act. This to us was nothing else but an attack on union funds and provident funds generally. This unilateral decision from National Treasury was major setback to genuine proper engagements in NEDLAC as it imposed compulsory preservation (as a result of this annuitisation) without addressing other elements social security like compulsory provision and it was unjustified.
- It basically takes what was established by trade unions for its members and handing it over to business while members will continue to carry the risk.

We had furthermore problems with the following issues as stated in the Act:

The piece meal approach in the absence of a holistic framework as a reference point as agreed many years ago.

Some elements of Social Security are located in different government Departments.

The failure of government to release the Inter-Departmental Task Team (IDTT) paper on Comprehensive Social Security over many years of waiting is an indictment on government and National Treasury in particular.

The passing of the Taxation Laws Amendment Act caused havoc with workers resigning across sectors fearing that government was going to nationalize their retirement funds and was in the main peddled brokers will be nationalized by.

It was used as a cash cow by the unscrupulous service providers, who advised workers to cash in their retirement and with a promise to invest on their behalf, failing to advise these about the tax implication and their exorbitant fees.

COSATU Position:

Our position has not changed; we demand a Comprehensive Social Security & Retirement reform to be tabled in NEDLAC for engagements. This must include all relevant departments.

We reject the piecemeal approach to retirement reform and the crises it has created.

Consolidation of funds in the industry has benefited commercial umbrella Funds and this has been encouraged directly and indirectly as part of liquidating unions sponsored funds in particular and provident funds in general.

- We call on government to release the paper without any further delay to allow NEDLAC to start discussion.
- We called for a moratorium on implementation of the Taxation Laws Amendment Act until there is agreement by NEDLAC constituencies.
- We have serious reservations with foreign or semi-foreign consultant who have no clue of our labour market and political dynamics but leading government discussions on this very important matter. We are submitting a notice to you that with an immediate effect COSATU will NO engage you anymore in his presence. We don't believe that your own internal capacity (black professionals) cannot do this work. To the contrary, they can do much better without causing the crises we noticing today.
- The excessive costs of running retirement funds should have been the first issue to be implemented. However, because this was going to hit the pockets of business (*white big business in particular*) with whom National Treasury have a cozy relation with, it was not implemented.
- We were committed to a speedy process to address the challenges the industry is facing but with undertaking that 01 March 2015 will not be implemented until there is an agreement on the IDTT process. Around July 2015 National Treasury which is almost a year later requested to table tax harmonization and Taxation Laws Bill were presented. No tabling of the IDTT as undertaken last year but they now want to implement this law. We have rejected their proposals.

2.18. Climate Change and Environmental Sustainability

South Africa is 12th largest emitter of GHGs in the world and the biggest polluter in Africa.²⁸The country's share of global emissions is 1.5%, and it produces half of the emissions on the African continent²⁹. Interestingly, our per capita emissions are nearly equal to those of the European Union; but countries in the region are rated higher on most international human development indexes³⁰. Most of these emissions are released during the process of electricity production. The National Climate Change Response (2011) policy document states that electricity generation accounts for 50% of SA's energy emissions and 40 % of total GHGs emissions³¹. More worryingly, 92% of electricity is produced from coal which releases carbon dioxide.³²

²⁸ Department of Environmental Affairs National Climate Change Response White Paper 2011 & Alternative Information Development Centre 2013

²⁹ Alternative Information Development Centre 2013& COSATU Climate Change booklet 2012

³⁰ United Nations Development Programme 2013

³¹ Department of Environmental Affairs National Climate Change Response White Paper 2011

³² Alternative Information Development Centre 2013

The transport and energy used in industrial activity constitutes 20% of total emissions; whilst agriculture and land use contributes only 5 %³³. It is estimated that by 2050 temperatures in SA will increase by 1-2°C in coastal regions and 3-4°C in inland areas.³⁴These trends are related to broader economic activities. There is a direct correlation between the massive emissions and the structure of SA's political economy. The country's economy is largely based on what Fine & Rustomjee (1996) described as the Minerals Energy Complex. This term is used by analysts to emphasize the narrow base of the economy³⁵. It describes the overreliance on the traditional minerals and energy sectors³⁶. This evidence indicates that economic diversification is essential for reducing emissions.

COSATU has captured this point succinctly in its resolutions on climate change and the class struggle. The following sections will provide an update on the interventions undertaken to implement these resolutions.

2.18.1. Climate Change and Economic Transformation

COSATU participated in the National Green Jobs dialogue in 2014. We presented a paper that argued for economic restructuring to support the just transition to a low carbon economy. The paper advanced the following key arguments:

First, we stated that a clear distinction should be made between climate jobs and the popular notion of "capitalist green jobs". Climate jobs are mostly public, and they are primarily created to address the causes and outcomes of climate change. They are established through increased state intervention. The developmental state creates these jobs through public employment programmes or increasing direct employment in the public sector.

Alternatively, it can use policy instruments such as incentives to steer industrialists towards activities that are in line with the low-carbon economic strategy³⁷. This goes beyond the notion of green jobs which only addresses the question of developing green economies. Climate jobs are aimed at restructuring the way we use and consume resources so that we can pursue a sustainable developmental path. They are not solely driven by the profit and investment motives.

³³ Department of Environmental Affairs National Climate Change Response White Paper 2011

³⁴ Department of Environmental Affairs National Climate Change Response White Paper 2011& COSATU Climate Change booklet 2012

³⁵ Turok, B.2011. The Developmental State: Towards a New Paradigm. In: **Development in a Divided Country** edited by Turok, B. Johannesburg Jacana Media

³⁶ Fine, B. and Rustomjee, Z 1996 .The political economy of South Africa: from minerals-energy complex to industrialization. London Hurst

³⁷ COSATU Climate Change Booklet 2012

Second, efforts to create climate jobs must be based on the principle of a just transition. Economic history teaches us that workers are always reluctant to fully embrace structural change. This opposition is based on past experiences of economic restructuring, which have had negative socio-economic outcomes for workers. Thus, it is important to point out the benefits of moving to a low-carbon economy. We are not merely concerned with the narrow principles of efficiency, economic growth or creating a more environmentally friendly form of capitalist exploitation. The movement to a low-carbon economy must speak to the ideals of socio-economic justice.

COSATU argued that it is important to protect and provide sufficient support for workers who will experience job insecurity as a result of the transition. This must include the provision of high quality re-skilling or training for participation in the renewable energy sector. Another intervention is the establishment of worker controlled cooperatives in the sector.

A number of reports have highlighted the potential for massive job creation in the transition towards a low-carbon economy. For example, the New Growth Path (2010) aims at achieving 300 000 additional direct jobs in the green economy by 2020. 80 000 of these will be in manufacturing, and the others in operating, maintaining and constructing infrastructure for sustainable development. It argues that the potential for job creation will rise to over 400 000 by 2030.

However, it is imperative to ensure that the transition does not lead to workers experiencing pay cuts or decreases in social wages³⁸. This argument is in line with the global paradigm on climate job creation, which has been legitimized by the UNFCCC acceptance of this principle in 2010.

Third, climate jobs must compliment the broad goals of the nation's macro-economic policy framework. The notion of decent work is at the centre of these policies. So what do we mean by decent work? The ILO defines the decent work agenda in terms of four strategic objectives: sufficient employment and income opportunities; fundamental principles and rights at work based on international labour standards; social protection and security; and Social dialogue or tripartism.

The fourth proposal is the intensification of localization and beneficiation as key pillars of South Africa's economic strategy. This principle is prevalent throughout the Green Accord (2011). It is captured in the eleventh commitment which states that:

³⁸ COSATU Climate Change Policy Framework 2011

The parties to this accord recognize the critical importance of localization strategies to promote industrial manufacturing of components, inputs and technologies in South Africa. This should include providing incentives, industrial funding as well as conditionalities in public-supported programme (Green Accord 2011:30).

2.18.2. Climate Change Education

COSATU and NALEDI have developed a workshop series to assist affiliates in developing their climate change programmes. We have organized six workshops on the following key areas of the climate change policy discourse: (a) fracking (b) energy planning and distribution; (c) health and climate change; (d) basics of climate change; (e) Carbon Tax; (f) UNFCCC negotiations. The COSATU/NALEDI reference group has been having regular meetings. The affiliates have been participating in these meetings which are crucial for climate change education. Moreover, the reference group has conducted field research on climate change. It has focused on the relationship between climate change and specific sectors of the economy. Another crucial intervention is the development of the Policy Unit's labour capacity building programme. This workshop series is designed for improving policy capacity and advocacy in the various provinces. One of the key areas in the workshop plan is climate change. These workshops have been conducted in the following provinces: Western Cape, Northern Cape, Gauteng, North West and Eastern Cape

18.2.3. Climate Change Policy Advocacy

COSATU has advocated for the transition to a low-carbon economy in the National Committee on Climate Change. The federation has also participated and presented at the following forums in 2014/2015, amongst others, National Green Jobs Dialogue, National Climate Change Dialogue, DEA National Climate Change Committee, Trade Unions for Energy Democracy Advisory Committee, National Environmental Skills Conference, and DITSELA Gender and Climate Change Workshop

The National Climate Change and Environment Committee has also produced the following policy Documents³⁹:

- Developed a Fracking discussion document
- Formulated a Green Jobs Concept Note / Policy brief
- Review of Draft Carbon Tax Paper
- Developed a discussion document on the UNFCCC negotiations and international environment activism

³⁹ Please see annexure with all the above-mentioned listed policy documents

2.19. The Green Accord Update

2.19.1. *Background and introduction*

The principles of social corporatism and cohesion have been at the centre of public policy discourses since 1994. Many analysts have argued that the role of government, business and labour is needed to create accords. for productive social dialogue and partnerships. These agreements are a manifestation of the attempts to promote inclusive governance, which is based on the principles of participation and accountability.

Organized labour plays an important role in the formulation and implementation of social accords. However, the process of creating these agreements cannot be separated from the broader class struggle. It is related to the conflicting interests and objectives pursued by the various classes in society. Thus, it is important that organized labour participates in these political processes in order to protect the interests of the working class. We should monitor the implementation of the obligations contained in these social accords. South Africa's social partners—government, business and labour—have signed a number of important social pacts over the past couple past of years. One of these is the Green Accord, which seeks to address the ecological crisis caused by the capitalist mode of production.

2.19.2. *Achievements*

- There has been a small increase in the number of Solar Water Heaters (SWH) installations in the country. The IPAP (2011) review stated that 215 000 units had been installed since 2009. **The number of installations rose to 315 000 units by 2013.**⁴⁰This rollout is important for increasing access to water; creating jobs; and decreasing the electricity costs of households
- Another achievement is the establishment of the **Green Fund (R800m)** by the Department of Environmental Affairs and the Developmental Bank of Southern Africa⁴¹. The DBSA was mandated to oversee the distribution of the fund. According to the DEA (2013), 590 proposals were received by the end of October 2012. In addition to this, the Industrial Development Corporation has established a **Green Energy Efficiency Fund (R500m)** for energy efficiency and small scale renewable energy projects. This facility has been used to finance a number projects such as the “affordable and improved water heating initiative”⁴². Furthermore, the IDC has

⁴⁰ South African Institute of International Affairs 2013

⁴¹ Department of Environmental Affairs 2013

⁴² Industrial Development Cooperation 2013

established a fund (R2bn) for financing local community based renewable energy projects.⁴³

- Government also introduced a number of measures to develop the renewable energy sector. For example, the DE signed contracts with Independent Power Producers (IPPPs) in 2012. According to the EDD (2013) “nine-tenths of the contracted power will come from wind and solar energy”. Moreover, a number of skills development initiatives have been launched to compliment the transition to a green economy. The most important being the National Business Capacity Building Programme, which seeks to assist FET colleges in developing their green skills curricular and programmes.
- Progress has also made in establishing a national energy efficiency strategy. Eskom has used adverts on TV to reduce electricity consumption. More importantly, government has established a state-owned company energy pledge, which compels SOEs to reduce consumption by 10 %.
- In addition to the above, government has enhanced its policy framework on climate change by introducing legislative measures to regulate the following activities: the development of a bio fuel industry; carbon capture and storage. The government has also attempted to address the transport crisis by investing R40bn in an integrated transport system. Some of these funds have been allocated to the Bus Rapid Transport systems in Metropolitan Municipalities.
- Lastly, some of the recommendations from COP 17 have been implemented by social partners. The most notable being the establishment of social partnerships to deal with the challenge of climate change, and the transition to a green economy. This social cohesion produced good outcomes such as the ILembe District Solar Water Installations. Another significant step was the establishment of the Energy Efficiency Leadership Network. This institution facilitated the formation of a pledge which was signed by leaders from both the private and public sector. 58 entities from business and government have signed this commitment on energy efficiency.

⁴³ Economic Development Department : Accords Update 2013

2.19.3. Challenges

- **Policy and Institutional Coordination:** *The government has released a number of policy documents on sustainable development, which cover a wide range of issues within the climate change and energy discourse. These policies have been published by a variety of departments within the state's bureaucracy since 2006. This has made the task of policy and institutional coordination more difficult. In other words, it is impossible to achieve the goals outlined in the accord without improving policy and institutional synergy in the bureaucracy.*⁴⁴
- **Progress on SWH installation:** **The accord's overall target of one million installations by the end of 2014 was not achieved. The slow progress is caused by inadequate funding, poor skills development and inefficiencies in the procurement system. More worryingly, there are growing concerns that social partners are not procuring units and parts from local manufacturers. The recent case about the Johannesburg City Tasol Solar Energy Solutions tender indicates that are challenges regarding localisation.**
- **Skills Shortage:** **Research indicates that SA does not have the required skills for developing a green economy⁴⁵. The shortage of coordinated green skills training programmes is also an impediment to the goal of creating green jobs and industries. This point is emphasized in the ILO (2010) report on Skills for Green Jobs in South Africa, which argues that there is a "lack of coordination in training and development. Whilst an effort has been made to gather information about green jobs, green skills and training programmes, this can only be done where such programmes exist, and in many cases they do not."**⁴⁶
- **Project Monitoring and Evaluation:** **We acknowledge the funds made available for financing community based and municipal green projects. However, it is imperative to monitor the sustainability and implementation of the projects. The implementation of the national strategy on sustainable development is constrained by poor monitoring and evaluation. This point is captured in the Sustain Labour Report (2012) which states that: "inadequate resources, an institutional framework with unclear mandates, lack of management and**

⁴⁴ Green Peace 2013 & Sustain Labour Green Jobs in SA report 2012

⁴⁵ Green Peace 2013 & Sustain Labour Green Jobs in SA report 2012

⁴⁶ ILO (2010) report on Skills for Green Jobs in South Africa

institutional capacity, and the absence of an effective monitoring and evaluation of progress have prevented its full implementation”⁴⁷.

- **Challenges for the renewable energy sector: Financing in the energy sector is still skewed towards the usage of coal and nuclear as primary sources of energy generation. Government is spending large sums of the development of coal and nuclear plants. The funding for the development of the renewable energy sector in SA is not sufficient. It accounts for less than 1% of electricity production in South Africa. This is mainly caused by the low investment in the sector.**
- **The levels of technological expertise (national) required for the development of renewable energy sectors are not adequate. Another concern is the over-reliance on the private sector to sustain and develop the renewable energy sector. More worryingly, the regulations governing this sector are complex and very technical. For example, the Renewable Energy Independent Power Producers Procurement Programme makes it difficult for smaller entities to participate.**
- **Renewable energy sectors are still dominated by large mostly foreign-owned entities. Most inputs and components of the equipment are not manufactured in South Africa. This indicates that government and business have not adhered to principle eleven of the accord which states that:**
- ***The parties to this accord recognize the critical importance of localization strategies to promote industrial manufacturing of components, inputs and technologies in South Africa. This should include providing incentives, industrial funding as well as conditionalities in public-supported programme***

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2.19.4. Political Will

The EDD (2013) summary report on the implementation of the accord contains little information about the private sectors contribution. This is worrisome, as private companies are largely responsible for causing the energy and environmental crisis in SA. There are a number of commitments which are not accounted for in the implementation report. Most of them are supposed to be implemented by the private sector. This analysis also applies to organized labour. The implementation report does not provide an adequate account of the unions' role in implementing the accord.

⁴⁷ Sustain Labour Green Jobs in SA report 2012

⁴⁸ Green Accord 2011

2.19.5. Climate Change Policy Coordination

COSATU re-launched the National Climate Change and Environment Committee in July 2014. This structure performed, amongst others, the following key tasks by making policy recommendations for the CEC to consider, receiving and discussing reports on the organization's policy engagements with social partners, making an Assessment on the implementation of the Green Accord and establishing policy coordination with COSATU National Energy Forum.

The committee has held 4 meetings since its launch on the 24th of July in 2014 and made the following recommendations, amongst others, formalizing relations with the Trade Unions for Energy Democracy network TUED, coordinating work with Climate Change Committees and understanding implementation of Just Transition.

2.19.6. Climate Change and International Work

The United Nations Framework Convention on Climate Change (UNFCCC) was established in 1992. It has been ratified by 194 countries that recognize the necessity of constructing a sustainable developmental path. States meet every year to formulate international regimes that should govern this transition. These gatherings are popularly referred to as COPs (Conferences of the Parties). The most recent COP (20) was hosted by PERU in December 2014, and the next one will be held in France later on this year. This year's COP is very significant because states have to submit their Intended Nationally Determined Contributions (INDC). These are documented commitments from all states outlining their plans on reducing global emissions.

2.20. Key Demands for COP 21

2.20.1. Common but different Responsibilities

COSATU should reaffirm its support for this principle, and ensure that government raises this point sharply in the negotiations. Developed countries commitments should definitely exceed those of the less developed countries. This specifically applies to the emission reduction targets. As stated earlier, United Nations Environmental Programme illustrated that states are currently on pathways that will exceed the 2°C limit.

This is crucial for achieving a reduction rate of 72% by 2050. Moreover, less developed countries have to address a number of socio-economic challenges. This will compel them to increase emissions in the short run. Thus, their reduction targets cannot be identical to those of developed nations.

2.20.1.1. *Just Transition*

COSATU's should emphasize that our notion of just transition transcends ITUC's definition. It also means transforming the patterns of production, investment and consumption and ownership in the political economy. Capitalism is the primary cause of climate change; therefore, one cannot address this global challenge without constructing a new developmental model. The federation should demand that our radical notion of just transition be included in negotiations on the post 2020 agreement.

2.20.1.2. *Intended National Determined Contributions*

COSATU should in relation to the INDCS argues that we enable all citizens and civil society to participate in its formulation, with the release of the employability assessment study and also deal with the negative effects of climate change. And finally advocate for a Just Transition. The logical conclusion of this is that we need a long-term carbon budget.

2.20.1.3. *Climate Finance*

Reaffirm our historical position that developed countries should provide the finance for the transition to a low-carbon economy. This requires more progress on the question of establishing and disseminating the green fund. We note the pledges made for the first capitalisation of the Green Climate Fund (GCF) which amount to 10bn USD.

COSATU should demand that other developed countries should support this pledge by outlining how much they will contribute; providing clear implementation time lines; describing the nature of the finance ; and how it will be distributed.

2.20.1.4. *Support for a Legally Binding Agreement*

COP agreement must be legally binding and backed up by clear sanctions or penalties for transgression.

2.21. *Strategic Policy Work undertaken since the last Congress*

In 2015 Plan, we said our Socio- Economic Programme whose core focus, included Defending and Creating Quality Jobs should have amongst its three key elements continued engagement on national policies through, NEDLAC, at Parliament and in bilateral, with two core focuses: supporting economic and labour market policies, which promote job creation and retention, and improving social protection.

And various Bills were put to Parliament since the 11th National Congress such as the Veld Fire Amendment Bill, **Refugee Amendment Bill and Act, Basic Conditions of Employment Amendment Act. The summary is tabulated fully in the Socio-Economic Report with a commentary on each Bill.** However, we still have challenges with of the Bills such as the **Labour Relations Amendment Bill which inhibits the rights to strike,**

Transport Laws Amendment Act and Regulations (E Tolls) with calls for total banning of e-tolls system, Employment Tax Incentive Act and also banning of labour brokers.