



THE PLACE OF LABOUR IN THE IMPLEMENTATION OF THE NATIONAL DEVELOPMENT PLAN

By: Public Servants Association

A few months ago, a new team of national planners was appointed to the National Planning Commission (NPC). The first plan to be published – the National Development Plan – came out at the end of 2012, with a comprehensive set of targets covering soft issues such as health, education and social well-being; and those to do with hard economic infrastructure. The NDP is a vision document more than it is a concrete and actionable plan. Much depends on the various government departments to pull their weight to give substantive meaning to the vision.

As such, the NDP does not offer many details or specifics, leaving those to be identified by implementation plans at the various levels of government (the national departments, provinces and municipalities). The advent of the NDP has spawned a number of detailed processes that are located within the Department of Monitoring and Evaluation that falls within the Presidency. These include the 2014-2019 Medium-Term Strategic Framework (MTSF), the National Outcomes, and Delivery Agreements against which the progress of various government departments are to be monitored. Strictly speaking, there is no obligation for any department to implement the NDP, especially since there is no nerve centre or single authority in the form of a super Minister or Director General to enforce implementation. The question remains: what kind of impact would the NDP have on labour, if it were to be implemented.

Labour and the NDP

The role of labour in the NDP is contested. The plan itself directly addresses a range of labour issues, many of which are cross-cutting. The core of the areas that tackle labour issues is detailed in a section titled “A Responsive Labour Market.”

Accordingly, as the section notes:

By 2030, the South African economy should generate sufficient opportunity that enables those who want to work the access and possibility to do so. It should create opportunities and work for all, while ensuring human rights, labour standards and democratic representation. Progressively over time, the vision of decent work should be achieved, in an expanding economy, with rising

skill levels. Constructive labour relations should be conducive to an inclusive economy. The labour regime will become more responsive to the challenge of simultaneously expanding employment opportunities, raising living standards and reducing inequality. The labour environment operates in a context of slow growth, insufficient levels of employment, and weak skills.

The labour section mentions many of the central challenges facing the labour market. At the core, these are about managing the tradeoff between protecting current workers and creating new opportunities to combat unemployment. The language in this part of the NDP is carefully calibrated: the needs of workers are extensively acknowledged, but set alongside a prevailing sense that some sacrifices will need to be made. This is perhaps best captured in the line: “[i]n the earlier phase of the plan, emphasis will have to be placed on mass access to jobs while maintaining standards where decent jobs already exist,” which seems (in the short-term) to prioritise job creation over the demands of those already employed.

Some of the more concrete suggestions in the plan include: allowing greater flexibility for entry-level wages, improving access to lifelong learning opportunities, subsidising job placement agencies to work with school-learners, and creating employee retention schemes to protect jobs during periods of high demand. While some recommendations - such as for a youth wage subsidy - have made progress towards implementation, others have not seen much progress, and some - such as the recommendation to “[a]dopt a more open approach to skilled immigration” - have clearly gone backwards. Some more controversial suggestions include revisions to dismissal procedures and regulation that is seen as protecting temporary work schemes (labour brokers).

Many leading labour unions have been critical of the plan, describing it as rehashing the Growth, Employment and Redistribution (GEAR) policy that guided economic policy under the administration of Thabo Mbeki. COSATU’s full critique - outlined in a document entitled “Summary of Critique of the National Development Plan” - is extensive, but some of the leading complaints identified include the nature of jobs created (which are categorised as low quality), an excessive focus on growth, and policy prescriptions that are described as “neo-liberal”. Specific criticism is reserved for the labour market sections, with the labour movement insisting that the provisions related to wage subsidy would lead to “young workers accepting lower wages, at least until 2020”.

The heart of the Left critique is around productivity, which is defined by the relationship between what is produced and how much it costs in the end. The NDP argues that increasing productivity, which might mean lower wages in the short run, will benefit everyone in the long run. This ignores the fact that wage growth has lagged far behind productivity growth, which is borne out by empirical evidence, both in South Africa and around the world. This critique is crucial to understanding labour’s reluctance to accept the NDP. It means that even if productivity would improve through sacrifices made by labour, the benefits of this productivity improvement would help firms at the expense of labour.

The public service

There are a few recommendations that are applicable to the public service. The headline consideration of the NDP in this area is to reign in the public sector wage bill, but it also makes three specific recommendations. First, that a new clarified definition of “essential services” be established; second, that multi-year agreements be reached on public service pay; and third, that the Public Service Coordinating Bargaining Chamber be broken up into various councils that reflect more homogenised sets of workers.

The public service recommendations in the NDP are a clear sign of some of the limitations of the NDP. While it calls for a new definition of 'essential services', the debate on this issue is essentially about what such a new definition will be. Sticking to a broad set of recommendations, the NDP mischievously avoids such a debate altogether. The other recommendations are more specific, but the first (multi-year agreements) is already the status quo; and the second (new bargaining councils) would be challenging to implement, and has seen little progress (although the PSCBC already does have sub-chambers for different groupings).

Managing impact

The NDP should not be seen as telling us what to do (it is not a plan), but rather as laying the groundwork for debate. Take the first point made by the NDP on labour: "Wage determination must be conducive to employment and equity objectives." Effectively what this is suggesting (and what it goes on to say in the next few lines) is that we need compensation that both ensures justice for workers and facilitate growth. That is not a resolution; it is identifying a point of debate. Finding how to achieve that balance, and what the balance will look like, is still very much up for discussion.

Labour can capitalise on this discussion, and on the NDP itself, by employing three key strategies. First, is to engage with the new National Planning Commission, and with the various implementing departments. This engagement can be critical of the NDP, particularly on specific recommendations, but it would be more powerful if it doesn't reject the plan altogether, but rather offers labour's view on how the common goals of the NDP - on issues like ensuring decent working and fighting unemployment - could be met.

Second, labour should throw its support behind strategies that combat unemployment, but this should not come at a cost to workers, such as education policies or the suggestion to subsidise placement agencies to help school leavers find work. The success of these strategies would illustrate that large sacrifices by workers are not needed to combat unemployment. Third, public sector unions should use their unique position within government to assist in aligning government plans and identifying problems. At times, this might mean working with plans labour disagrees with. However, being an active roleplayer in this process could go a long way in ensuring that the interpretation of the plan meets the demands of the workers. Everything remains up in the air, implementing the NDP is a far away dream; and labour must be part of the debate.