



# Presidential Jobs Summit Agreements First Progress report

Report to the Presidential Committee  
01 August 2019

# Our commitment



- Jobs Summit was convened “with the imperative of job creation”.
- Social Partners identified programmatic solutions to job retention and job creation blockages and opportunities to stimulate greater levels of participation in the economy.
- Dealt with policy and regulatory uncertainty to unlock inclusive growth and employment
- These were integrated into the Framework Agreement, which was signed on the 4<sup>th</sup> October 2018.
- The Framework Agreement indicates that there will be monitoring and evaluation of the agreement to support improved accountability and facilitate learning.
- It also confirmed the need for further work on other employment and economic policy interventions which had not been adequately addressed within the limited timeframe of the Jobs Summit.

# Summary of agreements



- Agreements reached and commitments made on 6 levels
  - Addressing job losses
  - Economic Sector Specific Interventions
  - SMME Interventions
  - Education and Skills Interventions
  - Inclusive Growth Interventions
  - Public and Social Interventions
- Total of 77 agreements were reached
- To be managed by the Joint Technical Committee, which meets monthly. This is accountable to the Presidential Committee, which meets quarterly.

# Achievements



- Taking forward the work of addressing job creation collectively
- Put in place systems and processes to monitor agreements and to address issues that were not fully resolved prior to the Jobs Summit such as the Macro-economic High Level Task Team and Biofuels
- Have a monitoring mechanism in place and finalising the evaluation system

# High level summary of achievements



- **Young people** that are Not in Employment Education or Training (NEETs) **are on a pathway to earn an income:** 110 000 jobs and work experiences have been provided to a network of approximately 600 000 work seekers across the country.
- **Temporary Employee/ Employer Relief Scheme (TERS) which is now being implemented by the CCMA supported by UIF and SETAs** to assist companies in distress which face the prospect of retrenchments and/or short time or layoffs. 35 applications were received since the Jobs Summit, of which 26 had been approved, 5 are in process. In totality, 3009 employees have been recommended for support under TERS. Though a few challenges as will be discussed.
- **Engagement on Just Transition:** Meeting between Minister Creecy and Social Partners on 19 July 2019 to take forward the agreement on climate change and the just transition and to specifically discuss the Climate Change Structure to be implemented within the Presidency as well as the alignment of carbon tax and carbon budget system.

# High level summary of achievements



- The **Business Process programme**: **2,738** Jobs between 1 October 2018 and 31 December 2018, bringing the total number of new jobs created in the Sector in 2018 to **11,167**. **3,321** jobs were created between 1 January 2019 and 31 March 2019.
- The **Installation, Repair and Maintenance (IRM) Initiative** has been implemented such that: 438 candidates have completed training for IRM roles with 256 candidates placed in workplaces, primarily in SMME for work experience, thereby supporting the growth of SMMEs through skills investments. A further 182 candidates are awaiting placements.
- A partnership between the Initiative and Ekurhuleni East TVET College saw the rollout of the **first cohort of 45 Plumbing Assistant candidates into Plumbing SMMEs from July 2019**.

# This process is not without challenges



Labour market analysis points to the reality that jobs are being lost faster than what they are being created

<b>International economic trends:</b> <ul style="list-style-type: none"><li>• Slowdown in all of South Africa's major trading partners except the US, with a sharp fall in Chinese and US imports.</li><li>• Slowdown in the region with the end of commodity boom, deepening from 2015.</li></ul>	<b>International policy:</b> <ul style="list-style-type: none"><li>• Unpredictability of the Trump Administration affecting international investment climate and consumers, especially but not only through trade wars.</li><li>• Uncertainty about US and EU interest rates leading to unpredictable financial flows.</li><li>• Brexit affecting EU and UK, both major trading partners for South Africa.</li></ul>
<b>Domestic policy:</b> <ul style="list-style-type: none"><li>• Uncertainty due to elections and divided ruling party affecting high-end consumer confidence.</li><li>• Uncertainty in aftermath of revelations about state capture.</li><li>• Eskom debt challenges fiscal management.</li></ul>	<b>Domestic economic trends:</b> <ul style="list-style-type: none"><li>• Downward glide path from end of commodity boom (stagnation in heavy industry and mining).</li><li>• Lack of security of supply and high cost of water</li><li>• Slowdown in government spending and SOC investment.</li><li>• Lack of security of supply and high cost of electricity</li><li>• Failure to address on-going blockages to growth, especially electricity and logistics prices, permits of all kinds, workplace inequality and the associated conflict, and limits on skilled in-migration.</li></ul>

# Areas highlighted by JTC that need to be addressed to realise our targets



- **Policy and regulatory hurdles:** including the immigration regulatory regime, streamlining the water use licensing application, decarbonising the economy through duplicate legislative instruments to achieve carbon reduction and regulating the pharmaceutical regime. The establishment of the regulatory unblocking task team in the Presidency, as announced in the SoNA of February 2019, is seen as important to address these challenges.
- **Local procurement interventions:** the additional R5 million from the dti (over and above the initial R17 million disbursed to the SABS) is not sufficient, and that this is a high priority area that must be prioritised in the next MTEF.
- Significant challenge in ensuring the **identification of the lead representatives for government projects**. There are still 9 projects where government has not reported.

# Core Remedial Actions Required



Project	Description	Required action
<i>Lack of security of supply of essential utilities (energy and water):</i>	The upcoming Water Phakisa must ensure that a clear action plan is developed to establish a water regime which will address water security, pricing and access. The Eskom Leadership Task Team agreed at the Nedlac Exco held on 05 March 2019 must be established.	The Action Plan must be developed. In addition the Eskom Leadership Task Team at NEDLAC should be established.
<i>Metals, Machinery and Mining</i>	<p>A short term (2 year) incentive tariff for smelters was approved by DOE for implementation by Nersa. It is understood that to date only two applications have been successful. In a parallel process, it is understood that a government task team is currently working on a review of the industrial tariff to accommodate all energy intensive users.</p> <p>It is recommended that all work on industrial tariffs be consolidated into a single task team and that the process be accelerated and includes meaningful consultation with business.</p> <p>There is also a need to urgently act on the Jobs Summit Agreement with respect to the implementation of export tax on scrap metal.</p>	<p>It is recommended that the responsible department must immediately release the policy and table this at the Trade and Industry Chamber at Nedlac for engagement.</p> <p>There is also an urgent need to address the slow pace of the finalisation of the Export Tax Policy.</p>

# Core Remedial Actions Required



Project	Description	Required action
<i>Improving municipal infrastructure</i>	<p>Business believes that more innovative ways of managing the debt needs to be introduced and has prioritised these areas of support to indebted municipalities through its initiative on technical skills for infrastructure project implementation.</p> <p>The NBI has been identified as the implementing agent for this initiative and a contract has been concluded with the NBI to give effect to some initial projects.</p>	<p>Successful implementation of this project is highly dependent on High Level Government endorsement and it is recommended that the President provides an explicit endorsement of the initiative to accelerate implementation.</p>
<i>Training Layoff Scheme (TLS) Renamed the Temporary Employer/Employee Relief Scheme (TERS)</i>	<p>Whilst processes are in place to streamline the implementation of the TERS scheme, recent information suggests that there are delays from the point that CCMA recommends that the company should benefit from the scheme to the point of implementation. There is uncertainty as to whether these delays are with the SETAs or the UIF or a combination. This requires an urgent intervention with DHET and with the UIF to resolve these challenges and ensure that the SETA funding, together with the UIF stipends, flows through as required.</p>	<p>It was agreed that UIF and DHET should be engaged in a JTC task team. This task team should urgently identify where the delays are and determine a plan to resolve these issues.</p>

# Core Remedial Actions Required



Project	Description	Required action
<i>SETA challenges generally</i>	Over and above the above-mentioned challenge, a number of the projects, agreed upon in the Jobs Summit, that require SETA funding have experienced delays. There is a need for a mechanism that allows for the fast tracking of demand led training. This is crucial to ensure that individuals are able to access employment opportunities.	It is critical that DHET provide an indication to the JTC as to the ways in which its funding mechanisms will be geared to support jobs summit projects. This indication, with the concomitant actions, should be undertaken place within this next quarter (prior to the next Presidential Coordination Committee).
<i>Boosting domestic demand:</i>	There is a concern that the additional R5 million allocated to SABS to monitor local content is not sufficient. In addition, the commitment in the agreement should consider other forms of verifying local content that must be implemented.	This is a high priority area which must be prioritised in the next MTEF cycle.

# Core Remedial Actions Required



Project	Description	Required action
<i>Financial sector:</i>	The Financial Services Sector made a commitment to make R100bn available as part of the BBGF (Black Business Growth Fund) and Ownership (Equity Equivalents) rules enshrined in the latest Financial Sector Code (FSC - Previously referred to as the Financial Sector Charter). Implementation of this commitment depends at least partially on an efficient streamlined process of approval for equity equivalents. The absence of such a system makes it impossible for the commitment, which is essentially conditional on the granting of equity equivalents, to be implemented.	It is recommended that the implementation of a streamlined process be expedited.
<i>Agriculture and agro-processing value chain</i>	Business has attempted to secure meetings with the DRDLR to establish a platform to unlock the regulatory barriers preventing public-private-community partnerships for agricultural development. Despite several attempts to arrange these meetings, no date could be secured with DRDLR.	Business and DRDLR should meet and develop a report indicating progress made.

# Core Remedial Actions Required



Project	Description	Required action
<i>Private and public sector collaboration on blended finance in the agricultural sector:</i>	<p>Regarding blended finance for agricultural development, Business reported that the last meeting with DAFF was held on 12 February 2018. DAFF were in the process of concluding a MoU but DAFF has to finalise its internal processes before the MoU can be concluded.</p> <p>In the meantime, a blended finance model was developed between DAFF and the Land Bank and funds made available. It is understood that the process has been suspended as a Special Investigative Unit was established to investigate the administration of CASP (Comprehensive Agricultural Support Programme) funding by the Department, which directly affected the blended finance model with the Land Bank. It is further understood that the Land Bank blended finance model was therefore placed on hold and the commercial banks are still awaiting the finalisation of the MoU.</p>	Intervention is required to fast-track the finalisation of these internal processes.

# Core Remedial Actions Required



Project	Description	Required action
<i>Private and public sector collaboration on blended finance in the agricultural sector: (Continued)</i>	As a separate initiative, Agbiz and BASA have been attempting to secure a follow-up meeting with the DRDLR to work on the proposals for a blended finance model for land redistribution. This initiative is distinct from the above as the aim is to fund land acquisition for redistribution, which is excluded from the blended finance initiatives for agricultural support. Business has attempted to secure follow-up meetings with DRDLR since September 2018 but meetings have been cancelled by the DRDLR and calls for alternative dates have been unsuccessful.	
<i>Revitalising forestry-dependant livelihoods at eSikhawini in KZN</i>	While funding options are still being identified, the water use licensing regime also remains an impediment to progress	It is recommended that special focused attention must be given to the water licensing regime for forestry through the establishment of a dedicated task team.

# Core Remedial Actions Required



Project	Description	Required action
Providing policy certainty and improving regulatory efficiency:	<p>Policy uncertainty and regulatory blockages continue to present significant challenges to investment. It is recommended that the commitment to establish a regulatory unblocking task team in the Presidency, as announced in the SoNA of February 2019, be implemented. Social Partners have indicated its commitment to providing support in the establishment of this structure in order to expedite the commencement of its operation. These regulatory barriers also impact adversely on the ability of social partners to implement projects, agreed upon in the Jobs Summit, at a municipal level. This is illustrated in the example below:</p> <ul style="list-style-type: none"> <li>- <i>Bizniz in a Box</i>: Business has reported that they are behind with the implementation of this project. The biggest hurdle the project needs to overcome is the co-ordination of local services (site permissions, electricity and water). This results in significant delays and urgent intervention is required to ensure access and coordination.</li> </ul>	<p>The President should indicate progress with respect to the establishment of the regulatory unblocking task team in the Presidency (as announced in the SoNA of February 2019).</p> <p>It is recommended that a meeting between COGTA, SALGA and the JTC must be convened. This should explore viable mechanisms to address these issues.</p>

# Core Remedial Actions Required



Project	Description	Required action
Insufficient engagement from government departments in support of agreed upon projects.	<p>There is a need for government departments to fully commit to the process. This includes the need to identify project leads, ensure the implementation of agreed upon actions, in coordination with other social partners where relevant, and the submission of reports.</p> <p>In addition to this there is a need for government departments to engage with social partners so as to provide the appropriate level of support to ensure the successful implementation of projects, agreed upon in the Jobs Summit, being implemented by other social partners.</p>	
Legislative commitments that mitigate job losses	Government commits to the development of legislation that is cognisant of the potential impact on job losses through the development of a job mitigation plan to ensure the negative impacts on jobs are prevented	Ensure improvement in the Socio-Economic Impact Assessment system

# Conclusion



- This progress report concludes on all activities during the first and second quarter since the Presidential Jobs Summit was convened.
- The Presidential Committee is requested to note this report and provide guidance where necessary. In particular a number of key remedial actions have been identified that need to be addressed.
- Implementing these actions will be critical to build a culture of accountability and to ensuring that the targeted number of jobs are created and ultimately exceeded.
- Thank you.