THE 29TH NEDLAC ANNUAL SUMMIT

National Economic Development and Labour Council

National Economic Development and Labour Council (Nedlac)

Information Sharing Symposium

5 September 2024

National Economic Development and Labour Council

Agenda

- Mandate
- Composition
- Functions
- Successes and challenges
- Lessons

NEDLAC
National Economic Development and Labour Council

Mandate and composition

NEDLAC's mandate

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The advent of democracy in 1994 brought a new paradigm for resolving political and workplace conflict. This paradigm was more participatory and acknowledged the role of organised stakeholders. Nedlac was thus established through the Nedlac Act to:

- Strive to promote the goals of economic growth, participation in economic decision-making and social equity
- Seek to reach consensus and conclude agreements on matters pertaining to social and economic policy
- Consider all proposed labour legislation relating to labour market policy before it is introduced in Parliament
- Encourage and promote the formulation of coordinated policy on social and economic matters.

The Presidential Climate Commission with similar objectives related to climate change and the just transition is housed under Nedlac until its fully established in terms of the Climate Change Bill

Membership of NEDLAC

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Social partners

- **Organised business represented by Business Unity South Africa (Busa)**
- **Organised labour represented by:**
  - Congress of South African Trade Unions (Cosatu)
  - Federation of Unions of South Africa (Fedusa)
  - National Council of Trade Unions (Nactu)
  - South African Federation of Trade Unions (Saftu)

- **Community/civil society:**
  - South African Youth Council (SAYC)
  - South African National Apex Cooperative (Sanaco)
  - Disabled People South Africa (DPSA)
  - South African National Civic Organisation (Sanco)
  - Women’s National Coalition
  - Financial Sector Campaign Coalition

Government

- **Led by the Department of Employment and Labour**
- **Other government departments formally part of Nedlac:**
  - National Treasury
  - Department of Trade, Industry and Competition
  - Public Works

- **Others active:**
  - Health
  - Home Affairs
  - Agriculture & rural development
  - Minerals and energy
  - Presidency

Structures of NEDLAC

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Governance structures

- **Strategic: Executive Council (Exco) made up of Ministers and principals**
- **Operational: Management Committee (Manco) with Standing Committees:**
  - Audit and Risk Committee (ARC)
  - Human Resources and Ethics (HREC)
- **Co-ordination:**
  - Overall Convenors from each constituency
  - Chamber convenors per chamber
- **Annual Summit, which functions as an AGM**
- **Equal representation on governance structures of social partners and government**

Functional structures

- **Chambers**
  - Labour Market
  - Trade and Industry
  - Development
  - Public finance and monetary
- **Task teams e.g. on high food prices**
- **Work streams e.g. on energy**
- **Dialogue sessions**

Co-ordinated by a Secretariat

Membership and structures of the PCC

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Membership

- **41 commissioners come from:**
  - National government: 14 Ministers from relevant departments
  - Local government
  - State owned enterprises
  - Civil society
  - Organised labour
  - Organised business
  - Science organisations
- **Chair: President**
- **Deputy Chair: Valli Moosa**

Structures

- **Commission meetings are held quarterly**
- **Working groups feed into the Commission:**
  - Net Zero
  - Adaptation and Resilience
  - Climate Finance and Innovation
  - Monitoring and Evaluation
- **Finance & Governance committee oversees expenditure and HR matters**

Nedlac and PCC secretariat

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Nedlac

- **37 staff members**
- **Executive Director leads:**
  - CFO & two executive managers
  - Professional managers
  - Officers and admin staff

PCC

- **24 staff members**
- **Executive Director leads:**
  - Chief Operating Officer and three executive managers
  - Professional managers and specialists.
  - Limited admin staff

Share offices in Rosebank, Johannesburg but mostly work remotely including with social partners

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Functions

Key activities of Nedlac and PCC

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Nedlac

- Dialogues to share information and build understanding
- Engagement and input into policy and legislation
- Negotiation on all labour market matters
- Co-ordination and collaboration on key socio-economic matters
- Dispute resolution on matters of socio-economic protest
- Capacity building of social partners

PCC

- Policy recommendations to the President and social partners
- Scientific knowledge production to inform the planning and implementation of a just climate transition
- Public awareness raising and stakeholder engagement to improve consensus on the just transition
- Support to implementation and institution building for mitigation, adaptation to climate change and just transition

Nedlac's theory of change

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INTERMEDIATE OUTCOMES:

PROGRAMME ONE:

1. NEDLAC accounts for the use of its financial resources
2. Staff are productive
3. Governance is efficient and effective
4. M&E process enables effective decision making

PROGRAMME TWO:

In each of four thematic areas (Economic; Labour; Fiscal & Financial and Social &Development):

5. Social dialogues are convened
6. Agreements / social compacts are negotiated and concluded
7. Processes are enabled

PROGRAMME THREE:

8. Constituencies have the necessary tools of the trade to engage effectively at NEDLAC.
9. Constituencies have technical assistance to engage effectively at Nedlac
10. Training builds Constituencies' capacity

LONG TERM OUTCOMES:

NEDLAC is an effective and accountable institution

Leaders of business, community, government and labour constituencies collaborate to address relevant and important social and economic issues.

The capability of social partners to engage and negotiate on social and economic issues is continuously enhanced.

IMPACT:

Social partners contribute meaningfully to processes to address economic growth, and social equity

Recently amended to add the PCC

Presidential Climate Commission additions

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- **The Theory of Change has been changed to add:**
  - Impact: Social partners contribute meaningfully to achieve a just climate transition to an inclusive, equitable and climate-resilient economy and society
  - Long-term outcomes: PCC makes recommendations about just climate transition based on inclusive stakeholder engagement and informed by science

- **And more performance indicators:**
  - Policy recommendations made to advance a just transition
  - Scientific knowledge documents produced which inform the planning and implementation of a just transition
  - Increased public awareness on a just transition to improve consensus on the Just Transition Framework

Is transitional until PCC is set up as a separate institution under Climate Change legislation

Key areas of work

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Economic

- Structural reform – energy, freight, logistics, ICT
- Sector master plans e.g. steel, renewables, clothing and textile
- Multilateral and bilateral trade
- Economic impacts of climate change (green economy, CBAM)
- Government budget
- Cost of living (food, fuel)
- Role of state-owned enterprises
- Retirement reform

Labour and Development

- Labour law reform
- Reform of unemployment insurance
- ILO Decent Work Country Programme
- Skills development
- Migration
- Employment creation
- Social protection
- Social development including gender issues
- Water

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Successes, challenges, lessons

Successes

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Impact

- Enables “embedded autonomy” – the government can step into the shoes of social partners without being seen as captured by them
- Engagement and dialogue build capacity and understanding
- The wide scope has enabled Nedlac to play a broader role than just focusing on the labour market

Trust

- Built trust in the aftermath of apartheid, a very racially divided labour market and ongoing racism, sexism and other forms of discrimination

Timelines

- Significant interventions at an appropriate time, such as Jobs Summits, National Minimum Wage Commission

Agility

- Able to respond to crises and changes with limited bureaucracy

Challenges

Representativity

- Declining trade union representativity due partly to changing nature of work
- Threshold for business (needs to be national & represent 10% of GDP) mitigates against small business and sectoral representation
- Civil society has evolved significantly but also is not easily organisable at a national level

Capacity

- There is limited time to participate in Nedlac – for most participation is over and above their ‘day jobs’
- It can be challenging to get clear mandates on detailed policy issues (and to get a single mandate from diverse constituencies)

What happens after social partners have processed a policy or Bill

- Parliament does not always consider the views of social partners – since they are another arm of the government
- The government does not want social partners to monitor implementation – since that is the role of the Department of Planning, Monitoring and Evaluation or Parliament

Lessons

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A comprehensive social compact is illusive

- The 1994 vision for Nedlac was for it to deliver trade-offs between organised business and labour to enable the new democratic government to stabilise and the economy to grow
- This has been attempted many times but not successfully due to the limited scope for trade-offs
- Programmatic or sector-based social compacts have been more successful

Managing interests

- No social partner gets paid for attending Nedlac meetings – this limits representatives wanting more meetings to get an attendance fee and thus improves decision-making
- Sometimes, individual representatives are motivated by individual or sectoral interests rather than coming to Nedlac with a constituency-wide mandate

Distinguishing who Nedlac is

The public and media, sometimes find it difficult to distinguish between:

- The Nedlac collective (social partners and government)
- The Nedlac secretariat
- Decisions of the Nedlac Executive Council