

# FISH HOEK VALLEY RATEPAYERS & RESIDENTS ASSOCIATION

*(Incorporating Fish Hoek, Clovelly and Sun Valley)*

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**TO: MINISTER OF LABOUR, MILDRED OLIPHANT**  
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**SUBJECT: EMPLOYMENT EQUITY AMENDMENT BILL OF 2018**

**DUE: 21 NOVEMBER 2018**

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## 1. DISCUSSION

We agree with the statement made by the Chair of the Employment Equity Commission, Tabea Kabinde, that "in an ideal world the demographics [in the workplace] should represent the economically active population in different companies"<sup>1</sup>. However, we disagree that tweaking the Employment Equity Act #55 of 1998 by tightening race targets in the workplace will speed up transformation. Rather, fix the right thing; that is, fix what is broken.

In an ideal society, there should be no need for race targets. The labour market would work by equal opportunity for employment. Besides, "the South African Human Rights Commission (SAHRC) recently found that South Africa's affirmative action and employment equity policies were unconstitutional."<sup>2</sup>

The Department of Labour should focus on unfair discrimination in company hiring practices. When reviewing, we believe that the department will then see that for a given required skill level, candidates of colour are just not available. Government needs to think like business and not view business as the adversary.

What concerns us is that this amendment bill is being issued by the Department of Labour and is, therefore, an admission that the Department of Labour is not listening to businesses. Medium to large businesses are basically colour blind. Their major aim is to make a profit. They use the best raw materials, including labour, at an affordable cost to them for producing saleable products or services. Largely, businesses have already hired all the unskilled and low skilled personnel of colour that they can afford. What businesses complain about and the Department of Labour is not listening to, is the lack of skilled labour of colour, which points to a failure in the education system. For instance, lowering of the pass rate has resulted in the graduation of functional illiterates. Universities are graduating learners in the

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<sup>1</sup> <https://www.businesslive.co.za/bd/national/2018-09-25-employment-equity-bill-seeks-to-set-targets-in-sectors/>

<sup>2</sup> <https://mybroadband.co.za/news/technology/277725-race-targets-to-become-stricter-in-south-africa.html>

Arts and not the needed Sciences. The dismantling of technikons and amalgamation of universities have all but been destroyed that portion of the education system.<sup>3</sup> Where are the nursing and teacher colleges (educating the school educators) and apprenticeship programmes? It is actually amazing that the 20-year review on the pace of transformation is as good as it is.

We believe that poor education is at the heart of the disadvantages in employment experienced by designated groups.<sup>4</sup> However, this needs to be done correctly. We should adhere to the principle of “learning by doing” that Joseph Stiglitz, Kenneth Arrow et al identify as the primary route to enterprise success. RSA’s emphasis has been on academic learning via universities, technikons, schools, SETA’s etc., rather than apprenticeships, mentoring, internships etc.

This lack of skilling appears to also be a result of misspent Skills Development Levies collected from businesses for the dysfunctional Sector Education and Training Authorities (SETAs) with poor service level agreements<sup>5</sup> and qualified audits revealing irregular expenditure. In any case, SETAs do not generate the right skills needed by business who are then obliged to re-train.<sup>6</sup>

As proposed in this Employment Equity Amendment Bill of 2018, the strengthening of compliance mechanisms will ensure more businesses fail leading to even higher unemployment figures, which is not good for the economy. Businesses seek efficiency in the conversion of products and services. That is, labour employed must be productive and not just a head count of the “right” colour. Comparing the public with the private sector mix is not fair as the public sector is horribly bloated with unproductive resources which have led to unaffordable, high administered prices.

Rather focus on the board of directors to improve the Africans, Coloureds, and persons with disabilities mix, but the consequences will lead to more of the same directors serving on even more boards...again pointing to a shortage of skilled resources. However, improvement in the mix at board level should result in equitable hiring practices or more probably, in the identification of talent where minimal training interventions are required.

The State being the driver of the economy is unsustainable. This has led to corruption in the tendering adjudication process in several organs of State.

## 2. RECOMMENDATIONS

Therefore, for the reasons set out in this report, we recommend the following:

- Fix the education system:

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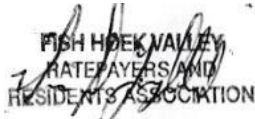
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<sup>4</sup> <http://www.politicsweb.co.za/documents/ee-amendment-bill-2018-race-target-enforcement-to->

<sup>5</sup> <https://www.skillsportal.co.za/content/asking-some-tough-questions-seta-boards>

<sup>6</sup> <https://www.iol.co.za/news/south-africa/setas-wasting-taxpayers-money-da-456884>

- Raise the pass mark to 60%;
  - Educate the educators;
  - Pay educators properly; <sup>7</sup>
  - Pay educators according to learners' grades achieved on national exams;
  - Provide free learner fees paid by the State for science majors only;
  - Fix the technikons and apprenticeship system in agreement with businesses; and
  - Fix the SETAs.
- Set targets at board of directors level only;
  - Investigate unfair discrimination in company hiring practices;
  - (If sector targets are to be achievable,) include the education departments in the discussion and provide realistic time-lines; and
  - Improve work experience programmes.

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<b>DATE</b>	5 November 2018

<sup>7</sup> <https://www.news24.com/MyNews24/30-pass-mark-20160929>