

REMARKS BY MEC ABRAHAM VOSLOO ON MINISTERIAL BRIEFING ON EMPLOYMENT LABOUR

Subject:

Progress Made on Measures to Mitigate
the Impact of Covid-19 Pandemic on
Employment and Labour, as well as
respond to allegations and cases of fraud
and corruption relating to the Covid-19
pandemic

Date: 13 October 2020

Minister of Labour and Employment Honourable Thulas Nxesi

Chairperson of the National Council of Provinces Honourable Amos Masondo

House Chairperson of committees and oversight Honourable Nyambi

Members of the Executive Councils (MEC'S) from different provinces present today

Honourable members of the National Council of Provinces (NCOP)

INTRODUCTION

Honourable members, the world is facing an unprecedented global pandemic of Corona Virus and by all accounts, this could be the deadliest virus the world has even experienced in recent times. As the world is battling to contain and mitigate the economic impact of this virus, our economy is also experiencing significant contraction in real economic activity. Added to that, our country has a dual health system with significant inefficiencies and inequality of access to high quality healthcare.

On the other hand, the private sector, accounting to half of national spending, covers only 17% of the population. Thus, there have been increases in the number of deaths, for both the country and the province. Our province, similar to the number of positive cases saw a late surge in infections and the number of deaths. As of the 6th of October 2020, the Northern Cape province had recorded about 221 people, who succumbed to the deadly COVID19 and it should be maintained that it is one death too many.

The Frances Baard District has the highest number of positive cases standing at 7199, whilst also having the highest number of recovery cases in the province standing at 6042. This spells as an 83% recovery rate for the district, which implies that 1030 active cases remained. On the 06th October 2020, the province saw 124 new positive cases, of these, 41 were from ZF Mgcawu district. The ZF Mgcawu district is followed closely by Frances Baard district, Pixley Ka Seme, John Taolo Gaetsewe and Namakwa in the number of recoveries.

IMPACT ON THE ECONOMY

Honourable members, during the tabling of February Budget Speech, we expected that the global economy would expand by 3.3 per cent in 2020. We now expect a global contraction of -5.2 per cent this year. This will bring about the broadest decline in per capita incomes since 1870. Throughout the world, tens of millions of workers have lost their jobs. South African unemployment increased by one percentage point, reaching 30.1 per cent in the first three months of this year.

On the provincial side, we share Premier Zamani Saul's sentiment that the developmental challenges confronting our province cannot be addressed alone by the State. We need active participation of the private sector if we have to improve our economic performance, create new jobs and put our economy on a growth trajectory.

According to StatsSA(2020a) the provincial economy grew at a lowly 0.5%. This indicates a slowdown in comparison to 2017 figures, wherein the provincial economy outperformed the national and other eight provinces to record a 2.8% growth.

The provincial economic forecast for the next five years, are calculated based on the "quick" scenario. Which according to the TIED Development, 2020 report infers that if the COVID-19 pandemic is contained quickly, the economy will bounce back. Thus, the contention could be that the "quick" scenario is a rather optimistic in comparison to the other two scenarios.

However, despite its optimistic outlook the "quick" scenario suggests that the provincial economy will only note positive growth in the latter forecast period. Of concern, is that in the first two years of the pandemic, the provincial economy is set to record its lowest growth rate averaging around -6 percent (i.e. 5.9%) which is represented by the -6.7% and -5.1% during 2020 and 2021, respectively.

EMPLOYMENT AND LABOUR

Honourable members, the primary sector continues to be a key growth propeller. This is despite the decline the sector experienced at the end of 2018, wherein it grew at a negative growth rate of -0.3%. To elucidate this point, in 2017 wherein the provincial economy grew at an unprecedented 2.8% growth, the sector grew at a strong 8.1%. Whilst, in contrast to 2017 when a negative growth was realised, the sector had declined by 4.1%.

The structure of the economy of our province suggests that the key drivers of employment are agriculture and mining. These sectors remain the catalysts for economic growth, jobs and prosperity. Be that as it may, these sectors also experienced significant decline in productivity and also shed significant number of jobs due to the impact of COVID19.

I wish to mention that the agricultural sector in the province also shed much needed jobs - when compared to the previous year. The almost 10 000 jobs shed by the agricultural sector could be apportioned to the seasonal factors; however the COVID-19 lockdown-imposed restrictions could have also contributed. This is despite efforts by all spheres of government attempting to increase the provision of food to the most vulnerable in the province and the country in broad terms.

Despite this decline, we are pleased to note that the Department of Labour and Employment has swiftly put in place an income replacement scheme through the Unemployment Insurance Fund (UIF), From mid-April to end June 2020, the fund has already paid over 28billion to 4.6 million workers, this number has significantly increased and this has brought some form of relief to our workforce across all sectors.

As a department, we are also rolling out the Economic Growth Development Fund (EGDF) which aims serves as an incentive scheme for Smme's in the province. This programme was put on hold for the current financial year as the allocations were shifted for Covid19 intervention. This fund is an important instrument to empower our small and emerging enterprises which has the potential to cause a dent in high levels of poverty and create much needed jobs in informal sector.

We are in a process of reviewing the grant and are putting measures in place to mitigate the risk involved in ensuring administrative responsibilities in respect to service level agreements prior to the disbursement of the fund to Smme's. We will present a new disbursement model as soon as consultations with relevant structures are concluded.

ECONOMIC RECOVERY

Honourable Members, the Northern Cape Provincial Administration has mooted the economic sectors, investment, employment and infrastructure development plan. The plan is a broad framework which aims to solicit support from the economic sector for provincial economic recovery.

The response from national government pertaining to the COVID1-19 pandemic and measures is two (2) fold i.e

- To offer financial and non-financial support for relief and growth
- To provide support in the recovery phase

As a province, we have decided to put the following practical measures in place,

- An amount of R25m has been set aside to respond to job opportunities, and projects in the catery will spread equitably across the province to reach as many people as possible and will be fashioned along EPWP schemes.
- An amount of R15m has been set aside to assist township and informal businesses. The intervention is directed at providing support to informal enterprises to access funding from the Department of Small Business Development (DSBD) and to improve their business by supplying the with machinery and equipment.
- The tourism sector is one that has been particularly affected during the pandemic. An amount of R5m of funding will be directed to projects directed at recovery of this sector.
- An amount of R40m has been set aside to fund catalytic projects, and these are projects that will have a long-term impact on the economy of the Northern Cape, and will be able to attract additional investment in our economy.

- The Department has budgeted an amount of R75m to stimulate the economy to support local enterprises. We are in discussion with stakeholders to establish an Enterprise Development Fund that will be based on a blended financial model- part grant and part loan. This will be done in partnership with established DFI's.

ALLEGATIONS OF FRAUD AND CORRUPTION

Honourable members, since we started with this 6th Administration we embarked on far-reaching measures to cut on wastage and corruption in the system, as a result we managed to save the Provincial Government close to R200 million in less than a year. I'm quite aware of the fact that there are individuals that are deeply unhappy about these measures and busy with a serious pushback campaign.

We have noted sustained attacks on the Premier regarding his alleged involvement in the allegations of fraud and corruption on the procurement of personal protective equipment (PPE) in the recent past.

These attacks are just those instalments of the pushback campaign to soil his reputation. The Premier will not be deterred by this witch-hunt and blackmail, the work to serve the people of Northern Cape honestly and transparently will seamlessly continue. I wish to assure all members that if there is anything untoward with any of the Covid 19 related tenders issued to the 175 companies there will be serious consequences for all those involved.

Provincial government has referred all matters relating to Covid19 PPE procurement to the Special Investigative Unit (SIU) for investigation and we will make the report available as soon as the investigation is concluded.

I wish to extend my sincere gratitude to hardworking frontline workers and everyone involved selflessly continue to work around the clock in the fight against Covid19 and wish to assure members that we will leave no stone unturned in a fight against fraud and corruption wherever it rears its ugly head.

I thank you

