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BUSA
BUSINESS UNITY SOUTH AFRICA

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LEGISLATIVE UPDATES

TRADE POLICY AND STRATEGY - 10 SEPTEMBER

The Department of Economic Development will brief Parliament on government's Trade Policy and Strategy Framework this Friday.

Meeting details:

Date: 10 September 2010

Time: 09:30

Venue: Committee Room EM314, Third Floor, Marks Building, Parliament

COMPANIES AMENDMENT BILL - **POSTPONED**

A briefing on the Companies Amendment Bill originally scheduled for Friday, 10 September, has been postponed until the fourth parliamentary term (October-November).

CONSUMER PROTECTION ACT - 15 SEPTEMBER

A briefing by the Department of Trade and Industry to the Portfolio Committee on Trade and Industry on the Consumer Protection Act remains scheduled, though the Committee Secretary has recently indicated to the BPO that the meeting may be postponed to the fourth parliamentary term.

Meeting details:

Date: 15 September 2010

Time: 09:00

Venue: Committee Room E249, Second Floor, National Assembly Wing, Parliament

CONSUMER PROTECTION ACT - 15 SEPTEMBER

A briefing by the Department of Trade and Industry to the Portfolio Committee on Trade and Industry on the Consumer Protection Act remains scheduled.

Meeting details:

Date: 15 September 2010

Time: 09:00

Venue: Committee Room E249, Second Floor, National Assembly Wing, Parliament

WATER AFFAIRS - 21 SEPTEMBER

The Department of Water Affairs and its entities will brief the Portfolio Committee on Water Affairs on their annual reports and financial statements on 21 September.

Meeting details:

Date: 21 September 2010

Time: 09:30

Venue: Committee Room E444, Fourth Floor, National Assembly Wing, Parliament

FAQ - DIFFERENCE BETWEEN HEARINGS & BRIEFINGS?

Briefings are usually informative, held for the purpose of instructing a parliamentary committee on a particular issue or legislation. When a Bill, for example, is introduced to Parliament, state law advisors will brief MPs on the nature and purpose of the Bill. Committees also often call Departments to brief them on topical issues, such as the effect of the recent public sector strike.

Hearings are investigative, called for the purpose of establishing public opinion on a matter. Parliament is constitutionally obliged to give consideration to every comment made by the public as long as it is relevant to the issue.

Both briefings and hearings are ordinarily open to the public - a condition explicitly provided for by Constitution.



LABOUR REPORT

THE STATE OF LABOUR IN THE TOURISM SECTOR

The Labour Department briefed Parliament's Portfolio Committee on Tourism last Tuesday, 31 August, on the state of labour in the tourism sector.

Although consisting primarily of small, micro and medium-sized businesses, the hospitality industry, a subset of tourism, accounts for the fourth largest contribution to GDP after manufacturing, mining and quarrying. Government believes the sector to have potential for further sustainable growth.

With the hospitality industry being the first and last port of call for tourists, sound labour relations in the sector play an important role in ensuring South Africa's continued positive image as a tourism destination.

In the first quarter of the 2010/11 financial year, the Department of Labour undertook daily inspections in the hospitality industry, visiting a total of 2622 establishments. Of these, 1493 were found to be compliant with labour legislation, while the remaining 56% were noncompliant. As a result, the hospitality industry has been identified as a "high risk and problem sector" to be further inspected by the Department in the 2010/11 financial year.

During initial investigations, employers were found to be noncompliant with regard to:

- **Minimum wages** - employers were not aware of annual increases, which led to underpayment
- **Tips/Commission** - while the majority of restaurants employ staff on a commission basis, employers neglected to ensure that employees received the minimum wage in the event of commission earned amounting to less than the minimum wage
- **Wage calculation** - employers tended to calculate wages on a monthly basis without due consideration to the structure of these hours, consequently ignoring overtime payments for work done after hours
- **Information concerning pay** - payslips did not indicate hours of overtime or public holidays worked
- **Deductions** - employers illicitly deducted a percentage of employees' salary as security for uniforms issued
- **Written particulars of employment** - employers were found to have not provided employees with copies of their employment contracts, leading to confusion over the terms of employment
- **Rest periods** - employers would require employees to work double shifts with only a 4 hour break in between shifts, in contravention of the law which requires a 12 hour break between shifts to avoid the risk of injuries due to fatigue - the practice was especially prevalent in restaurants where only one chef/cook was present
- **Sunday work** - employers still regard Sundays as an ordinary day in terms of payment made, despite the law requiring employees to be paid one and a half times their regular wages for Sundays worked
- **Night work** - the hospitality industry requires a high number of staff to be available for night work, however employees would not appropriately compensate employees for night hours worked
- **Unemployment Insurance Act** - most cases involved the non-registration of employees for UIF and the inability to provide proof of payment

The Department of Labour recommended that joint inspections with relevant enforcement agencies be conducted to promote an integrated approach to ensuring compliance and upholding good labour standards. It also encouraged industry players to play an active role in ensuring that workers' rights are observed.



INTERNATIONAL TRADE

SOUTH AFRICA'S EXPORT PROFILE

A presentation by Trade and Investment South Africa (TISA) to the Select Committee on Trade and International Relations last Wednesday, 1 September, provided insight into South Africa's current and future export profile.¹

In 2009, South Africa's top 10 export destinations were:

1. China - R42.5bn
2. United States - R33.6bn
3. Japan - R28.3bn
4. Germany - R25.7bn
5. United Kingdom - R21.5bn
6. Switzerland - R17.7bn
7. Netherlands - R16.1bn
8. India - R15.6bn
9. Mozambique - R11.6bn
10. Zimbabwe - R11.3bn



Countries prioritised by government as export partners are those with:

- Large markets, large resource bases and regional advantage
- The potential of a country to absorb SA manufactured goods, as identified in IPAP
- Its significance in the global economy
- Its importance as a source of investment and technology
- Its openness to trade, especially preferential trade, with South Africa

Targeted regions and countries currently include:

- Asia: China, India, Japan and South Korea
- Europe: Russia, Spain, Central and Eastern EU members
- Americas: Brazil, Argentina, Chile, Mexico, Venezuela, Cuba
- Africa: Kenya, Tanzania, Zambia, Nigeria, Egypt, Angola, DRC, Uganda
- Maintain markets: EU and North America

Government is hoping to shift export focus to these new high growth markets, with products and services resulting from new or increased production rather than established export items. Asia in particular is being considered as a potential buyer of value-added and diversified products, as a means of reducing South Africa's reliance on exporting raw materials. A substantial increase in the GDP growth of some African countries over the last several years has also elevated export potential in Africa.

¹ TISA is a division of the Department of the Trade and Industry, whose primary mission is to stimulate South African exports of goods and services into targeted high growth markets. TISA also aims to promote investment into South Africa.

Its presentation to the Select Committee formed part of a broader inquiry by the Select Committee into the financial assistance provided by local financial institutions to South African companies conducting business in Africa and other parts of the world.

GREEN JOBS

Asked whether his department had explored the feasibility of creating 300 000 jobs¹ in the solar and bio-fuels sectors in the next five years, and if international experience supported such conjecture, the Minister of Economic Development responded that:

The Industrial Development Corporation had completed a preliminary study on the job creation potential of the Green Economy in South Africa. More detailed work was being undertaken and results would be made public upon completion.

The job creation potential includes the construction, operation and maintenance of renewable energy generation; the manufacturing of components; development of new materials; waste management and eco-tourism.

Significant job creation potential in this sector is clearly evident, not only in terms of local energy supply but also in the manufacturing of components for export.

Government has confirmed its commitment to increasing the percentage of renewable energy on the grid; details of which are due to be clarified in South Africa's long-term electricity plan - the IRP2. The establishment, operation and maintenance of green energy plants is expected to create large numbers of jobs.

The bio-fuels sector also has potential for significant job creation as agricultural and transport components are labour intensive. In addition, the recycling of waste materials - also labour intensive work - is a core emphasis of the Green Economy.

The Department of Economic Development is currently developing sector strategies to realise the job creation potential of the Green Economy.

Globally, the Green Economy is at the heart of a number of industrial policy interventions. China is reported to have created 1.12 million green jobs with an expected growth of 100 000 new jobs annually. In Brazil, a bio-fuel leader, 500 000 people are employed in the green sector. Germany employs 280 000 people in renewable energy initiatives and France anticipates employing 500 000 people by 2020.

¹ In May 2010, the Minister [was reported](#) saying that hydropower, solar energy, and biofuels could create 300 000 jobs in the next 10 years.

DE-REGISTERING OF COMPANIES

Questioned on the de-registering of companies and close corporations by the Companies and Intellectual Property Registration Office (CIPRO), the Minister revealed that:

- 236 143 companies and 528 731 close corporations were de-registered by CIPRO on 16 July 2010 due to noncompliance with annual returns
- The companies and close corporations de-registered had failed to comply with a requirement to lodge their annual returns - CIPRO had allowed them an 8 month period in which to do so
- Companies and close corporations affected had been notified by CIPRO of the impending de-registration through a number of means, including letters, notices and communications with chambers of commerce
- No exceptions were made for the final de-registration of companies and close corporations
- The de-registration process for the next batch of outstanding annual returns will begin in September 2010

PRIVATE SECTOR STRIKE

Responding to a parliamentary question, the Minister of Police disclosed that a strike by private security companies during the 2010 FIFA World Cup had cost the country R90 million in deployment costs alone - 1184 SAPS members had been deployed to perform the functions of striking security staff for a period of 31 days during the tournament.

