

# **Deregulate the labour market to tackle unemployment**

By Dr Michael Cardo MP - DA Shadow Minister of Employment and Labour

Chairperson,

The Department of Employment and Labour is not working for the unemployed.

It didn't work before Covid-19. It hasn't worked during Covid-19. And, unless this government embarks on a systematic programme to grow the economy and deregulate the labour market, it won't work even after Covid-19 has left our shores.

Before the national lockdown was introduced, there were 10 million people without a job. Between February and April, according to the National Income Dynamics Survey released last week, another 3 million people lost their jobs. And soon, so National Treasury says, the number of unemployed South Africans could rocket as high as 17 million.

Today, the official unemployment rate is 30%. Soon, it will be sitting at 40% or even 50%.

This is the ticking time bomb that will rip apart our social fabric. But the government is doing nothing to defuse it. All the ANC does is to add explosive material.

For over a decade, the ANC has single-mindedly run the economy into the ground. It has gorged itself at the trough of corruption. It has poured good money after bad into the bottomless pit of state-owned enterprises. And it has scared off investors with reckless policies like expropriation without compensation. The ANC strangles small businesses in red tape, and sucks the life out of the labour market with a raft of restrictive regulations.

And now the ANC wants to tighten the noose on employers. The Employment Equity Amendment Bill empowers the Minister of Employment and Labour to set sector-specific employment equity targets. It introduces harsher punitive measures for non-compliance. The bill confers on the Minister a degree of coercive racial control that is completely incompatible with the principles of a market-based economy.

The ultimate result will be less economic growth and more unemployment.

The Department of Labour was rebranded over a year ago to include "employment" in its name, but the Department's structures and programmes still haven't been reconfigured to tackle the expanded mandate of job creation.

The Department doesn't work for workers, and it doesn't work for the workless. The lockdown has made that painfully clear.

Every day for the past three months, I have heard hundreds upon hundreds of pleas from desperate employers and employees wanting to know why the Unemployment Insurance Fund (UIF) has not paid them their Ters benefit.

I hear from crying mothers waiting for their maternity benefits and from hopeless fathers waiting for their retrenchment benefits.

They can't put food on the table. They can't clothe their children. And, in return, the government can't seem to do anything for them.

A million workers still haven't received their Ters benefits for April and May. Already it is the middle of July and payments for June have only just begun.

This is a mess of the government's making. But the Minister of Employment and Labour won't take responsibility. He blames all the UIF's problems on delinquent employers. This is nothing more than a scapegoating tactic.

The Minister likes to masquerade as a champion of the workers. But those are not overalls he is wearing. He is the emperor of employment with no clothes.

This budget – adjusted down 7.2% to R3.375 billion – will not be money well spent.

The UIF isn't working.

The Compensation Fund is sinking.

The Commission for Conciliation, Mediation and Arbitration is going to come under intolerable strain as retrenchments spike.

And instead of creating a fertile environment for job creation, the government and this Department lob grenade after grenade at employers, employees, and the unemployed.

A DA government would take on the vested interests in big business and the unions.

We would initiate a programme of labour market deregulation.

We would exempt small and newly established firms from extended collective bargaining agreements.

And we would make it easier to hire workers and tackle youth unemployment with a real Youth Wage Subsidy

We do not support this adjusted budget.