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# #WhatSACanBe

*100 DAYS TO UNLEASH ECONOMIC GROWTH  
AND GET SA BACK ON TRACK*



**LABOUR: MAKE WORK PAY, SUPPORT THOSE IN NEED**

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# Introduction

For the first time in three quarters of a century, South Africa has ceased being a one-party-dominant state. The era of predictable and inflexible government power is over. In its stead, South Africans now find themselves in a new era of politics – one that must be defined by pragmatic, pro-growth policy. It is in this spirit that the South African Institute of Race Relations (IRR) has decided to publish *#WhatSACanBe: 100 days to get SA back on track*, a series of nine short papers each focusing on a different key policy area. Taken together, these papers offer a dynamic programme of action for the Government of National Unity (GNU) as it sets out its aims and gets to work earning the trust of South Africans.

The 2024 elections drew a fundamental dividing line in our politics between the country’s pro-growth coalition – in the main represented in the GNU – and the pro-poverty parties, which have been denied access to the levers of government power.

But this arrangement is precarious. For democratic consolidation to succeed, the GNU must record notable governance wins in the short term. The policy proposals in this publication series show how a GNU can initiate crucial reform, quickly.

Embarking on a 100-day period of catalysing reform will make maximum political capital available to the GNU and its members. Public sentiment tracks upwards in the slipstream of economic improvements. A period of one hundred days following the first full meeting of the new GNU forms a natural timeframe within which pragmatic, constructive and meaningful government action will ensure an environment of good faith towards the GNU.

The responsibility to make the most of this moment by adopting a proactive, pragmatic plan of government lies heaviest on the leaders of political parties that find common cause in constitutional democracy, the rule of law, and good faith to remedy past failures and build on past successes. If the GNU is willing to do more together to rescue South Africa, this historic moment will be the rebirth of a hopeful rainbow nation.

Parties that occupy the pro-growth mainstream of South African politics based on the common ground of an economic system built on thriving businesses and job creators of all sizes able to operate in a fair, free and responsibly regulated economy; that believe in the ability of individuals and communities to find solutions; that acknowledge the fundamental role and dignity of secure ownership of property and the repudiation of historical crimes against South African property owners; that seek to protect and promote the rule of law; and that hold true to the non-racialism of our Constitution – these parties, as a single constellation, hold between them the capacity to give South Africans hope again. At the core of these convictions lies the critical matter of economic growth – the catalyst for upward social mobility through jobs and a reliable welfare system. Achieving economic growth is the primary challenge and opportunity for the GNU.



# Five tests for any reform proposal

The GNU needs a set of policy solutions that satisfies at least five key criteria:

1. Multiple GNU partners will have to support the proposed policies;
2. Labour interests, workers, entrepreneurs, businesses, markets, and investors should be left in no doubt that fundamental and positive changes are being made in the policy environment;
3. External stakeholders will have to be brought on board, or ways will have to be found to address their opposition;
4. The policy solutions will have to make a substantive, tangible change in the lives of ordinary South Africans in the short, medium, and long term; and
5. The outcomes of policy solutions have to be popular with the electorate, with the goals being clearly communicated by the GNU.

Every *#WhatSACanBe* policy reform is therefore scored on the basis of five simple questions:

1. Will voters support it?
2. Will economic stakeholders welcome it?
3. Will GNU partners buy into it?
4. Will the media support it?
5. Will opponents derail it?

## Context of crises

Amidst the euphoria of taking office, the new administration must be under no illusions about the scale of the challenge. Some of the crises the GNU faces are, in no particular order:

1. An ineffective, bloated, and politicised civil service;
2. An overburdened judicial system that risks losing public trust;
3. A decline in the general standing, independence, and fairness of judicial officers;
4. An ineffective police force likely antagonistic to reform;
5. A small and shrinking tax base under immense strain;
6. Increasing water shortages across the country;
7. Violent crime, especially against the most vulnerable, running rampant in sub-middle-class areas;
8. A local currency of fluctuating reliability;
9. High levels of government debt;
10. Consistently high unemployment and youth unemployment rates;
11. Failing and unreliable road, rail, and port infrastructure;
12. Mass blackouts of power in large parts of the country due to a national power grid functioning at close to 60% capacity; and
13. Child malnutrition in rural and inner-city areas.



With the above as the context, proper consideration can be given to setting out a viable and successful path forward. Great as these challenges would be to any incoming government, a pragmatic and outcomes-focused programme of government will ensure a vigorous turnaround and the introduction of pro-growth policy consensus.

## Priorities of the people

Polling by the IRR over the past decade has repeatedly emphasised the key priorities of South Africans, revealing surprising unity across demographic divisions. The most recent survey indicated the following priority problem areas:

- Unemployment and job creation
- The abuse of women or children
- Corruption
- Electricity or load-shedding
- Housing
- Water and sanitation
- Education
- Poverty
- Inequality, including gender and racial inequality
- Health care

Economic growth forms the foundation of all solutions in these priority areas. To earn maximum political capital from their initial policy actions and announcements, it is advisable that policymakers focus on economic growth as the key to meeting public demands on these priorities, ensuring that the government's agenda is unambiguously pro-growth.

From the above, it is clear that the labour environment is highly likely to affect change and generate political capital for the new government. This paper, the fifth in the #WhatSACanBe series, focuses on making work pay and supporting those in need.

## Labour: Make work pay, support those in need

### What should the GNU do?

The GNU should introduce a Job Seekers Exemption Certificate (JSEC) which allows job seekers to opt out of onerous labour legislation for up to two years to improve their chances of getting a job. The JSEC will render employment equity legislation non-applicable and lower the minimum wage threshold to the rate paid by the state in terms of the Expanded Public Works Programme.

Millions of potential workers are priced out of work because of barriers and legislation that are avowedly for their benefit but which in truth disincentivise businesses from employing more people, and thus make it more difficult for potential workers to find work on terms *that suit them*.



The country's rigid labour regulatory environment is often cited by investors and international bodies (most recently the World Bank in its report on inequality and the factors that exacerbate it) as one in which reform could reap massive benefits. Introducing the JSEC would help clear obstacles that stand between potential workers and the gainful employment they seek.

## Why should the GNU make this change?

A record-high unemployment rate demands radical proposals and reform. A 46% unemployment rate indicates that current policies are simply not working; millions of citizens are forced into perpetual dependence on the state since, rather than having the freedom to accept work on terms agreeable to them, this opportunity is denied because someone else has decided on their behalf that it would wrong them.

Many people cannot get into the labour market in the first place; by using the JSEC programme, people can use the two years it covers to acquire skills and experience, and build networks.

## How should the GNU make this change in terms of laws, regulations, etc.?

Time, money, and energy should not be spent on amending laws. The President should be lobbied, through every available avenue, to introduce the JSEC. A copy of the JSEC and a basic, simple employment contract signed by employer and employee would be produced on request by labour inspectors wishing to verify the legitimacy of the situation. JSECs should be valid for at least two years to allow the holders to get a job, change jobs if they or their employer feel it is not the right fit, build up skills and a track record, and establish themselves in the job market.

## Will it fly?

### Will voters support it?

Voter support is likely to be high for this proposed policy change. Polling shows unemployment to be one of society's greatest concerns. Policies that can help unemployed people enter the job market, and gain employment, more easily should be sold to voters as the best way for growth to occur. Instead of the tired, destructive path of less economic freedom, more dependence on the state, and more grants, a new path that unlocks greater scope for individual agency and wealth creation could resonate with voters.

### Will economic stakeholders welcome it?

As mentioned above, the country's rigid labour laws and markets are often cited by investors (local and foreign), international bodies such as the World Bank and IMF, and businesses, as a key area for reform. If the country is to experience meaningful growth, labour reform is essential. If something along the lines of a JSEC is introduced, economic activity and investment are sure to greatly increase.



## Will GNU partners buy into it?

GNU partners must collectively face the reality of the country's unemployment crisis; are they serious about finding ways to empower citizens, or do they seek to perpetuate ideas and policies that force people into dependence on grants? This choice must be made as clear and urgent as possible; it is probable that partners will support the JSEC idea.

## Will the news media support it?

The JSEC would be an incredibly appealing idea to sell to the news media; the underlying motivation is to empower unemployed people to find work as easily as possible. This area of advocacy is where the most emotional writing and speaking arguments should be focused – this can also then filter through to people who consume the noise, with the aim that they will create further pressure in favour of this change through yet more avenues.

# What's the downside?

## Will opponents derail it?

Labour unions exert much influence over labour regulations, and the economy. The civil service has been expanded to such a level that it would be difficult to begin rolling back the number of people who have come to be comfortable in their positions. Given the burden of the public sector wage bill on the state fiscus, it is urgent that any possible changes be implemented as quickly as possible.

Perhaps if one could convince civil servants that, should they be relieved of their state jobs, they would also be granted a JSEC, this would also allow them the freedom from labour laws to make looking for work easier – and so would not simply be forced into a lifetime of being dependent on a grant.

The leadership of the country's labour unions will want to defeat ideas that lessen their control; if adopted, reforms would create more competition for them, and their members.

### Additional measures

- Scrap race-based labour laws;
- Establish Special Economic Zones;
- Get rid of minimum wage law altogether;
- Grant JSEC status to all businesses that employ fewer than 20,000 people; and
- Issue a SASSA card for public works.

Exemption certificates can be applied for by an individual, or an entity all the way up to a municipality or province.





# Conclusion

Few situations benefit from greater restrictions, but in most cases, as in the labour market, fewer restrictions mean more individual freedom and better outcomes. Stringent laws and regulations impose unnecessary burdens on employers without ensuring better adherence, particularly in South Africa, where enforcement is low.

With South Africa's extremely high unemployment rate and inadequate regulation enforcement, the GNU must improve the job seekers' chances of employment by allowing them to opt out of restrictive labour legislation. The burden on employers must be relieved.

To achieve this, the GNU must:

- Establish a JSEC;
- Eliminate race-based laws;
- Provide exemptions for businesses that employ fewer than 20,000 people; and
- Implement a SASSA card for public works participants.

The GNU must aim for small but significant victories to build momentum and demonstrate progress. This approach will allow for reflection on collective strengths and foster long-term relationships.

No one should say that the GNU failed due to an inability to prioritise. This paper, part of the IRR's *#WhatSACanBe* series, outlines a framework for the National Dialogue. The GNU must use this to discuss and agree on priorities, and plan actionable steps. This will lay a strong foundation for the 2025 State of the Nation Address, the first 100 days after the President sets out his government's mission, and beyond.

The JSEC is a necessary step towards reducing unemployment. The GNU must take this bold step in the direction of economic freedom – it is the only way to make work pay and support those in need.



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