

NATIONAL
ECONOMIC
DEVELOPMENT
AND
LABOUR
COUNCIL



**WORKERS' COLLEGE - FOUNDATION SKILLS COURSE
ECONOMIC POLICY MODULE
NEDLAC READER**

TABLE OF CONTENTS

Founding Declaration	1
Nedlac Structures	2
Nedlac and goals of labour.....	3
Nedlac and business	7
Nedlac and government	14
Founding Document	21
Nedlac Constitution	27
Nedlac Act	40
Agreement-making discussion document	47
Labour Representatives	62

FOUNDING DECLARATION

GROWTH, EQUITY AND PARTICIPATION

1. The democratic election of 1994 opened a new era for South Africa. It was the decisive step in the transition to democracy. Now our country must meet the challenges of social development and economic growth.
2. South Africa is a land rich in resources, with a strong and diversified economy. It has a people eager to make the democracy work. It has a well-developed physical and financial infrastructure, such as transport, telecommunications and the banking system.
3. South Africa is also characterised by severe inequality in incomes, skills, economic power, ownership, and a skewed pattern of social development. This, together with large-scale unemployment and inadequate economic performance, has created major problems in our society.
4. Government, organised labour, organised business and community-based organisations need to develop and strengthen co-operative mechanisms to address the challenges facing our new democracy. Our three defining challenges are:
 - 4.1. Sustainable economic growth - to facilitate wealth creation; as a means of financing social programmes; as a spur to attracting investment; and as the key way of absorbing many more people into well-paying jobs.
 - 4.2. Greater social equity - both at the workplace and in the communities - to ensure that the large-scale inequalities are adequately addressed, and that society provides, at least, for all the basic needs of its people.
 - 4.3. Increased participation - by all major stakeholders, in economic decision-making, at national, company and shopfloor level - to foster cooperation in the production of wealth, and its equitable distribution.
5. Meeting these challenges is critical to the success of the Reconstruction and Development Programme.
6. The National Economic Development and Labour Council (Nedlac) is the vehicle by which government, labour, business and community organisations will seek to cooperate, through problem-solving and negotiation, on economic, labour and development issues, and related challenges facing the country.
7. Nedlac will conduct its work in four broad areas, covering:
 - 7.1. Public finance and monetary policy.
 - 7.2. Labour market policy.
 - 7.3. Trade and industrial policy.
 - 7.4. Development policy.
8. Nedlac is established in law through the National Economic Development and Labour Council Act, Act 35 of 1994, and will operate in terms of its own constitution.

WE, THE REPRESENTATIVES OF GOVERNMENT, ORGANISED LABOUR, AND ORGANISED BUSINESS, NOW HEREBY ENDORSE THIS DECLARATION.

Minister Tito Mboweni
ON BEHALF OF
GOVERNMENT

Mr John Gomomo
ON BEHALF OF COSATU,
NACTU AND FEDSAL

Mr David Brink
ON BEHALF OF
ORGANISED BUSINESS

What is NEDLAC?

2

The National Economic and Development and Labour Council (NEDLAC), launched in February this year, is a step forward for the labour movement. Unilateral action by government is now a thing of the past.

This new body brings together the old National Manpower Commission (NMC) and National Economic Forum (NEF). It will bring labour, business, government and development actors together to ensure "consensus on all matters relating to economic policy" and to "consider all proposed labour legislation". (Quoted from the Founding Document)

Now we will be able to take part in implementing the RDP and have a say on issues which affect our lives. Through NEDLAC we can influence the government budget, taxation, industry restructuring as well as the content of all laws which affect workers.

Structures

NEDLAC is made up of four chambers: Public Finance and Monetary Policy, Trade and Industry, Labour Market and Development. Decisions made in the Chambers will be finalised in an Executive Council. The day to day running of NEDLAC rests with a Management Committee. There will also be a National Summit once a year.

Labour will be represented in all these structures, in equal proportion to business and government. At a joint meeting between COSATU, FEDSAL and NACTU, it was agreed that the different federations should take up seats in proportion to their size. In principle, for every four COSATU seats, NACTU will get one and FEDSAL one.

NEDLAC also differs from the NMC and NEF in that, in addition to government, business and labour, NEDLAC includes "community and development actors". These will include SANCO and organisations representing women, youth and rural interests. ☆

NEDLAC STRUCTURE

EXECUTIVE COUNCIL

18 from each constituency. To receive report-backs from Chambers and to conclude agreements between parties.

MANAGEMENT COMMITTEE

Convenors from Chambers and constituencies. To oversee and co-ordinate work of the Council between meetings of the Executive Council.

PUBLIC FINANCE & MONETARY POLICY CHAMBER

to negotiate agreements

TRADE AND INDUSTRY CHAMBER

to negotiate agreements

LABOUR MARKET CHAMBER

to negotiate agreements

DEVELOPMENT CHAMBER

to negotiate agreements

NATIONAL SUMMIT

Convened annually by Executive Council to ensure transparency and obtain inputs. Maximum of 300 persons/ organisations which have an interest in NEDLAC issues.

SECRETARIAT

21 staff members,
three constituency co-ordinators

3

**Labour's Speech to the Launch of NEDLAC
Presented by the President of COSATU : John Gomomo on behalf of
FEDSAL, COSATU and NACTU.**

NEDLAC AND THE GOALS OF LABOUR

**Chairperson, Comrade Thabo Mbeki,
Comrade President,
Representatives from the International trade union movement
Distinguished delegates and guests,**

The launch of NEDLAC offers a unique opportunity to our country - a chance to rebuild the economy and society through a consensus forged among workers, investors, government and the community. The road to that consensus will, no doubt, be stormy and rocky. You cannot bring together Jabu Xulu, earning R200.00 per week, after working for 15 years, with a family of five to feed; and John Smith, the Chief Executive Officer of a major conglomerate, earning R20 000.00 per week, and expect that it will be a calm and easy process.

But bring them together we must. The alternative is for the new democracy to flounder on the rocks of continual strife and conflict over all matters of production and distribution.

But if Jabu comes to NEDLAC, prepared to work on economic growth, he expects John to come to NEDLAC to work on redistribution of wealth. Jabu does not expect the previous traditions of days gone by, that is, participation based on the "Thatha lapha, beka lapha" fashion.

NEDLAC 's significance derives precisely from this creative dynamic that it produces : a search for the policies which combines high and sustainable economic growth with far-reaching programmes of wealth redistribution for the millions of working poor.

On 4 - 5 November 1991, three million workers downed tools to demand a say in economic decision-making. Their struggle led directly to the formation of the

4

National Economic Forum (NEF). And they ushered in a new way of making policy. It brought to our country the practice of tripartite negotiations. Government no longer set the regulatory framework on its own. A major attempt was made to build consensus on issues as diverse as centralised bargaining, petrol prices, tariffs on imported goods and job creation. The agenda of interaction between labour and business widened significantly. It led to important processes of sectoral industrial restructuring programmes in the clothing and textile industry, in automobiles and in the electronics sector. It strengthened the work of trade unions and employers in the mining summit.

Now our country requires that we build on this tradition, that we increase the number of matters we negotiate with each other. (You may notice that we have become internationally competitive in negotiations, and are ready to export this important home-grown product!)

In the course of the negotiations, there are powerful voices at the NEDLAC table. There is a democratic government, with broad legitimacy in the society, able to advance broad programmes, such as the RDP. There is an organised business constituency, bringing together all the significant holders of private wealth, the conglomerates, the financiers, the investors. They bring too, the corps of managers who run the workplaces of the country. There will be the voice of community based organisations, bringing together civic organisations, rural organisations, women's movements, youth and other organisations. In short, the social movements who have done much to advance democracy in South Africa.

And, importantly, there is organised labour, represented by COSATU, FEDSAL and NACTU, directly representing 2 million workers who pay their weekly membership fees to their Federation. These workers are the other part, the often forgotten half of the wealth-creating machinery of the society, a vital and important part of our workplaces, yet anonymous in the media, only until intolerable conditions under which they work lead them to cease working, to exercise their fundamental right to strike, whereafter they are seen as the wreckers and spoilers. These workers, too, are, in practice, our country's social security net for the millions of unemployed. Cynthia Gumede's wages must cover her husband, who is jobless. Her wage must also be used to buy food from the informal sector fellow selling his goods in Umlazi. She must - for no one else at present does - give money to her brother who has been unemployed since leaving school three years ago.

NEDLAC - these are the constituencies you bring together. They come together not because a law was passed which says they will, but because they all feel they can gain more by negotiating, and they all feel they will lose more by not negotiating.

5

NEDLAC offers the chance to work together on a number of matters where there is a set of common goals. It is also a place where the conflict which does arise in society from time to time - you cannot ban conflict - if such conflict is carefully managed, and resolved where possible.

But for NEDLAC to work requires some real commitments from all constituencies. These commitments can only come after the most extensive discussion and debate in our organisations and in the workplaces of the nation. It cannot be forced through guns and police. It cannot be tricked through clever words in documents. It has to be agreed by an informed, strong constituency.

Agreements are made to be kept. We are waiting for some agreements previously concluded, to be implemented. There is the clothing and textile industry plan. There is the agreed programme of reforms of Customs and Excise. There is the agreement of July 1993, to promote centralised bargaining in industry. Labour is prepared to work hard to ensure that our members implement agreements entered into with our support. We are hopeful that the business caucus equally is able and prepared to carry its members on agreements which we reach. We look forward to government too, to carry out its part of agreements.

We as workers, build on our experience. If we conclude agreements, and they are respected and implemented, we will conclude more agreements and more significant agreements.

An important challenge for NEDLAC is to promote economic growth. We know that we need growth to have more jobs, more resources for redistribution to the poor. However in recent years, it has become fashionable to find simple and simplistic answers to the growth question. Some people have argued, like in the Normative Economic Model of the CEAS, like in the editorials of the Financial Mail and the Business Times, that the simple trick is to deregulate, to let market forces free.

Markets play an important part in the promotion of economic growth. But it is not a god, at whose feet we will humble ourselves. It is a useful tool, often applicable and necessary, but sometimes destructive or ineffectual. We need to use it as an important tool, not as a new dogma or religion. It has weaknesses - in allocating resources for infrastructural development, in promoting social equity in a society where significant market power is controlled by a small section of the population, in dealing with past inequities, in promoting our industrial capacity in a world filled with hungry exporters spotting a lucrative market in democratic South Africa.

For organised labour, NEDLAC is the opportunity to address the money problems of our society. I want to draw attention to five such challenges:

6

First, to ensure reconstruction and development in the country, and on the shop floor. Reconstruction is about jobs. It is about the provision of basic needs such as houses, health care, education and a living wage.

Second, to develop our industrial base, to create more jobs, stimulate production in sectors employing large numbers of people and transform our industries into productive, efficient places of production. We need to do this together with the promotion of social objectives, of social adjustment programmes funded by employers and government to take care of workers who are displaced by restructuring, of social clauses in trade agreements to promote human rights and worker rights throughout the world.

Third, to promote workplace democracy as a means of giving a voice on company level matters to workers, and in this way unleash the creative potential of those who do the work, and up to now, has been excluded from shaping the work.

Fourth, to take forward the struggle for social equity. This means addressing the vast gaps in pay between managers and workers that has done so much to divide the shop floor from the boardrooms. It means dealing with the vast concentration of ownership in a few hands, notwithstanding current efforts to coopt a few black individuals into a power structure which continues to fail ordinary workers and their aspirations.

Fifth, to develop the skills and resources of our people, through workplace training and industry wide training. We should rid ourselves of the view that there is a lost generation in South Africa. All those who were undeveloped by the policies of the past, are eager to develop in the new democracy. We cannot fail them. We need large sums, carefully spent, on a programme to promote basic literacy among all people, as the basic building block of a new human resource development strategy.

These five challenges are important. And there are many other important ones which our negotiators will table at NEDLAC in the next few months. Address them successfully and Jabu Xulu and Cynthia Gumede will believe they have proper economic citizenship - that the days of slavery are over, and that true freedom has come to our country.

18 FEBRUARY 1995

7

NEDLAC LAUNCH - 18 FEBRUARY 1995

ADDRESS BY MR D C BRINK, PRESIDENT
OF BUSINESS SOUTH AFRICA

Our beloved country, South Africa, has completed a political transition which has captured the imagination and has earned the respect and admiration of people around the world. An Interim Constitution of world class was negotiated during this process of which we can be proud. A final Constitution is being designed by the Constitutional Assembly in a consultative process with the citizens of our land on a scale unprecedented in human history. Today we are assembled at the launch of another important initiative which in future may be recognised as the watershed of South Africa's modern economic history. Citizens of South Africa have a duty to work towards giving substance to the rights contained in the Bill of Rights and in making the Constitution of our land meaningful for its inhabitants. It is perhaps appropriate for us at this time to pause to take stock of where we are and what we are.

If we could imagine South Africa and its people being measured on the 18 February 1995 on a report card with symbols ranging on a scale from "A" to "F", "A" representing a "Distinction" and "F" indicating "Failure", then a number of items on a score card might read as follows :

Provision of basic needs and
employment :

Scores a definite "F"

8

International competitiveness: Here we would find some "A's", "B's" and "C's" (After all, we do have stars in all spheres of society, from sport to globally competitive businesses) but mainly we would also in this category score "E's" and "F's".

Standard of behavior: Again, some "A's" evidenced by a number of Nobel Prizes but, sadly, a huge number of "F's" and one could even say that we are now starting to score some "X's", "Y's" and "Z's".

We are, of course, on the subject of behavior, all standing in the proverbial glass house; we are all sinners and the only question in this regard is what can we do to improve and set in motion a process of continuous improvement ?

South Africa is not alone in the problems which it is facing. Just before Christmas I was pleased to receive as a gift a book edited by Klaus Schwab, President of the World Economic Forum, entitled "Overcoming Indifference - 10 Key Challenges in Today's Changing

World". I quote from the flyleaf of this book which sums up our problems, many of which are common to people in the rest of the world :

"The end of the Cold War did not, as some might have hoped, simplify the issues facing world leaders. Civil war, famine, overpopulation, chronic unemployment, and an exploding refugee problem continue to plague the world's civilisations, to the point where we begin to wonder whether the difficulties of the day can be contained by national boundaries, or whether the challenges that face the world are beyond the reach of the leaders we have elected. Has the increasing disparity between the "haves" and the "have nots", between the "knows" and the "don't knows", led to an unbridgeable gap between rich and poor peoples and rich and poor countries?

"This book offers contributions from Nobel Prize winners, statesmen, scholars and university professors, and chief executive officers of major industrial corporations,"

Having looked at items on our report card which reflect adversely, it is good for us to maintain a balance by remembering some of our strong points. South Africa is richly endowed with physical and human resources. We have a track record of having achieved good periods of economic growth in the past and, more recently, have been relatively successful as an exporting nation which has been able to maintain an

economy and keep a cash positive balance of payments during the most stringent and sustained international sanctions ever imposed against any country ! Imagine the possibilities of what can in future be achieved when all of these resources and energies are channeled as part of a team working for the overall good of our economy and society.

It is urgent for the RSA team to roll up its sleeves and get to work on our problems, to give substance to the rights of our people. In a society which needs to re-learn respect for the sanctity of life and limb and of property, we have to now attend to the practicalities of our society. To quote from an article by Tom Lodge, Professor at the University of the Witwatersrand, Department of Political Studies, recently published in the newspaper "Constitutional Talk" :

"Much more important than the details of the sub-clauses of any Bill of Rights is the attitude that subjects and governors have towards the law. A defective set of laws which are observed by everyone on the whole provides better protections and safeguards for human rights than good laws which are routinely disregarded by governments and citizens. This needs to be said in a South Africa in which laws and agreements continue to be held in contempt not just by ordinary people but by those responsible for making law and administering it. Restoring the moral authority of existing laws is a more urgent task than trying to make a perfect new legal and constitutional order."

It is high time that we address the fundamental problems in our society to rekindle the moral force needed amongst our people to ensure security for all in a society with ethical standards which will allow us all to live in dignity, honouring our diversity and the virtue of hard work. In the same book edited by Klaus Schwab referred to earlier, Boutros Boutros-Ghali, Secretary General for the United Nations, is quoted as follows :

“Indifference is the eighth deadly sin. When an understandable focus on one’s own situation turns to neglect for the troubles of others, hostility towards those in different conditions and even conflict can be the result.

“In contrast is the will to involvement. Early involvement can solve problems before they grow too great. Co-operative involvement can redound to the benefit of all. Sustained involvement can transform the world for the better.”

NEDLAC, ladies and gentlemen, is part of the process of antithesis to indifference. It is a process which is being launched only just in time, perhaps 6 months later than this would have been ideal. It is a process which will require unprecedented team work between South African Social Partners. It will require effort and commitment from each party at a level far, far greater than ever before and the good news is that it is a process which need not and should not slow down government in its

(12)

important job of governing. Provided that early identification of problems is assured and efficient addressing of such issues on NEDLAC's agenda is the result.

NEDLAC's overall aim should be the attainment of sufficient peace, security and prosperity to allow everyone to develop to their full potential.

The road to prosperity will be long, steep and rough, indeed as with Pilgrims Progress perhaps there is no final destination but it is surely our duty to ensure that everything that NEDLAC does must facilitate, not impede. No road blocks should be erected, no hurdles; and there should be no self-inflicted injuries along the way. My earnest plea is that each party should focus on what can be put into the process rather than what can be got out of it. After all it is our duty with this partnership to ensure that business and the economy flourishes in such a way that we may in future see an absolute explosion of job opportunities in South Africa. It is with great confidence that I am able to offer businesses' contribution to NEDLAC into the future by offering of our skills, knowledge, expertise and experience; and to make available as appropriate the resources of our institutions, large and small with their research capacity, international and local networks and contacts.

13

Ladies and gentlemen, we say to our partners in this great new work, we are committed to and will play our role in ensuring the necessary progress towards prosperity.

DB107/95

14

**BUILDING A FIRM BASE FOR POLICY CONSENSUS
STATEMENT BY MINISTER T T MBOWENI
AT THE LAUNCH OF NEDLAC.
MIDRAND,
18 FEBRUARY 1995**

President of the Republic of South Africa

Deputy President

Members of Provincial Executive Councils

The Presidents of COSATU, NACTU, FEDSAL

The President of Business South Africa

The President of NAFSOC

Secretaries General of all trade union federations and affiliates

Leaders of all Business Associations present here

Representative of the ILO

Executive Director of NEDLAC

Executive Council Members

Esteemed Guests

Ladies and Gentlemen

We have arrived at a very important stage in the development of our country - one that will be most testing and challenging for all of us. Our second revolution, so to speak, is only beginning.

The Government of National Unity, has come a long way in addressing the key political questions. Advancement from here lies in our economic prerogative.

We are all concerned with the major economic challenge that lies ahead. Sustainable economic growth, the creation of wealth and equity, the provision of jobs and basic needs underpin the need to provide mechanisms which will facilitate growth, development and delivery. But our concern is not limited to our domestic economy.

Throughout the world today, economies are changing rapidly. Globalisation is increasingly determining the nature of cross border trade, the world of work and employment patterns, productivity and quality. We can spend years debating whether or not this is desirable, but the reality however, is that we will inevitably be affected by these changes. In fact, we have already seen the beginning of this. As signatories to the General Agreement on Trade and Tariff, GATT, we have taken on new challenges and have become absorbed in world restructuring. Our industries, can no longer be run as they used to be if we are to successfully meet these new challenges of international and domestic demands.

The ability of our producers, be they in the manufacturing, mining or service sectors to respond to the demands of both our needs and markets at a domestic and international level needs to be enhanced. The obligation on government is enormous, but it is not unilateral. Responsibility rests on business, labour and all sectors of our population to collectively meet these challenges.

It is against this backdrop, ladies and gentlemen, that we are inaugurating the statutory body which will become the key to our success or failure both at home and abroad. The cornerstone of our approach to democracy, economic growth and equity lies in our commitment to seek broad consensus - political and economic. NEDLAC, the National Economic Development and Labour Council is where such broad consensus will be sought on issues of social, economic and labour matters.

In forming NEDLAC and granting it statutory status, we are in essence ushering in a kind of democracy that is unique to South Africa, and indeed to the rest of the world. Inclusive decision making has traditionally rested in tripartite formations including government, organised business and organised labour. We have learnt this concept from international institutions such as the International Labour Organisation (ILO) and we have made it work in our country through our experience. Tripartite bodies such as the National Economic Forum, (NEF), and the National Manpower Commission, (NMC), were instrumental in promoting dialogue among social partners and in shaping key economic and labour policies. It is in these organisations that the foundation for NEDLAC had been laid. However, the question has indeed been asked - whether corporatist solutions were being sought between elite constituencies of government, organised business and labour.

This has been an important question particularly in the current context where we are seeking broader consensus and the inclusion of all sectors of our people in key decision making.

To a significant extent we are addressing this question through the formation of NEDLAC and in doing so, we are introducing a unique form of quadri-partism. Fundamentally the inclusion of civil society as key role players within NEDLAC puts into action what we are seeking to achieve - collective decision making which carries legitimacy among all our people.

The fourth chamber in NEDLAC focusing on development upholds this commitment. Following the launch today, a public invitation will be issued to various organisations representing the interests of among others, women, rural development, civics, hostel dwellers and youth. Organisations will be asked to apply for participation in NEDLAC's Development Chamber. A panel will be established by NEDLAC to determine whether these organisations will be accepted on the basis of set criteria.

Inclusivity, as given expression in NEDLAC is critical, ladies and gentlemen, to the successful implementation of the Reconstruction and Development Programme (RDP). Co-operation by all sectors of our country in understanding the possibilities and limitations of our economy and in active participation in formulating and implementing policy is indeed the cornerstone of the democracy we are building.

Perhaps, an indication of the broad acceptance of the need for NEDLAC can be reflected in the process of establishing this institution. Thorough and clear in their vision the social partners negotiated the constitution of NEDLAC with maturity and commitment to

compromise in the true spirit of partnership. I take this opportunity to thank those key representatives. Furthermore, the passing of the Act to establish NEDLAC in December 1994, was unanimously supported by all political parties in both houses of Parliament. In this respect I wish to thank the National Assembly and Senate standing committees which, despite time constraints facilitated this process.

The work of NEDLAC will cover four broad areas - Public Finance and Monetary Policy, Labour Market Policy, Trade and Industrial Policy and Development Policy. The first major task on NEDLAC's agenda is the negotiation of the draft Labour Relations Bill which we released two weeks ago. As government, we are hopeful that consensus on a new labour dispensation will be reached between the parties in NEDLAC's Labour Market Chamber before too long. In this respect, I urge our social partners to focus their energies in trying to meet the desired time race.

We must be cautious, ladies and gentlemen, not to drag our feet and to bog down the progress of NEDLAC through endless deadlocking. Our constituencies will therefore need to be properly organised and be represented as united constituencies, rather than fragmented individual groupings. Only this will determine the speed and outcome of decisions taken in NEDLAC. This is not to say, that we must override consultation and democracy, which we accept does take time. However, the new challenges facing us, requires a sense of urgency in making and implementing policies. It is for this reason that the responsibility of making NEDLAC work must be taken seriously by all parties involved.

The massive process of industrial restructuring which must be embarked upon if we are to build a competitive economy, meet development and equity needs of the RDP, could be fraught with problems unless NEDLAC is rendered effective. In essence, government as a whole will be dependent on NEDLAC to seek to reach consensus before all major policies are put to the houses of Parliament for ratification. The centrality of NEDLAC in government is therefore highly significant.

I must also point out ladies and gentlemen, key issues of concern which the President raised in his opening speech to Parliament yesterday. I refer here to particularly elements in our society who engage in "... totally unacceptable practices as murder of police officers, the taking of hostages, riots, looting, the forcible occupation of public buildings, blocking of public highways, vandalism of public and private property and so on." The President has made it clear that we can no longer allow this situation to continue, that we cannot be "...sitting ducks of those in our society, who for whatever reason, are bent to engage in criminal and anti-social activities. This poses a major challenge to NEDLAC. The different components comprising NEDLAC have certain common objectives which, in our view, are fundamental to the success or failure of this country. In achieving these common objectives NEDLAC has a major responsibility of addressing the issue of the kind of anarchy we have seen by those who will seek to hamper our objectives. Unless, something is done urgently, our social fabric may begin to "Fall Apart. The effect of this on investment and growth does not need to be spelt out. The President has therefore stressed the need for us to collectively take responsibility in ensuring that anti-social elements do not succeed to disrupt our plans.

As government, we are fully cognisant of the capacity weaknesses of key organisations and the need to strengthen such structures to enable them to carry out the tasks set out in NEDLAC effectively. We are therefore keen to assist where this is concerned and we are more than willing to engage the social partners on how best we can contribute in capacity building where this is necessary.

Having echoed a few cautionary remarks however, we are optimistic that the development and political maturity of our social partners in embracing the RDP and the interim constitution will be reflected in the Chambers of NEDLAC. Co-operative relationships which started developing in the past few years will have room to thrive in NEDLAC. From the perspective of the Government of National unity, we have provided the mechanism to institutionalise co-operation and we are determined to succeed. Indeed it is our collective responsibility to make it work.

To the executive Director of NEDLAC, Jayendra Naidoo, Programmes Director, Debra Marsden and all parties involved in NEDLAC, I wish you success.

Thank you

(21)

STRICTLY EMBARGOED UNTIL
13H30 ON 18 FEBRUARY 1995

Founding document of the National Economic Development and Labour Council (Nedlac)

1. INTRODUCTION

- 1.1 South Africa has in the past faced many challenges with respect to economic and labour policy matters. More recently bodies such as the National Manpower Commission (NMC) and the National Economic Forum (NEF) have been utilised to facilitate co-operation particularly between organised business, organised labour and government on industrial relations and other labour policy issues in the case of the former, and in order to achieve consensus on general economic policy issues, in the case of the NEF. The NMC is a statutory body, whilst the NEF is a non-statutory body.
- 1.2 South Africa will continue to face many important challenges on economic and labour matters. Organised business, organised labour and government have key roles to play in developing effective policies to promote economic growth, increased participation in economic decision-making and social equity in South Africa on a sustained basis.
- 1.3 Organised labour, organised business and government believe that it is now appropriate to establish one statutory co-operative body (incorporating the NMC and NEF) to address economic, labour and development issues. The present situation particularly requires this with respect to the implementation of the Reconstruction and Development Programme (RDP). Through such a body the three parties, as well as those involved in developmental issues, will strive to jointly promote the goals of economic growth, increased participation in economic decision-making and social equity in South Africa.
- 1.4 The body shall be called the National Economic Development and Labour Council (Nedlac).

2. FUNCTIONS

- 2.1 The Council shall seek to reach consensus and make agreements on matters pertaining to economic policy. This includes areas such as fiscal and monetary policy, socio-economic programmes, trade and industrial policy and all aspects of labour policy, including training and human resource development.
- 2.2 The Council shall consider all proposed labour legislation, i.e. legislation affecting the world of work, as well as all significant changes to social and economic policy before it is implemented or introduced in parliament. The Council needs to develop

22

STRICTLY EMBARGOED UNTIL
13H30 ON 18 FEBRUARY 1995

conventions for its functioning which are sensitive to the requirements of efficient and effective government.

- 2.3 Nothing in the constitution of the Council should constrain the Council from considering any matter within its terms of reference.
- 2.4 The Council shall take over all the functions of the NMC and NEF. It shall be the constitutional successor to the NMC.
- 2.5 The Council shall develop mechanisms for interacting with other relevant bodies, for example the Finance and Fiscal Commission.
- 2.6 The Council shall see it as a responsibility to build the capacity of its participants within the activities of the Council.

3. STATUS AND CHARACTER

- 3.1 The Council shall be established by an enabling statute.
- 3.2 The government, organised business and organised labour shall be represented in equal numbers on all chambers and on the executive council. Organisations representing community and development interests shall be represented on the Development chamber and on the executive council, provided that their combined representation will not exceed that of any of the other parties in the executive council.
- 3.3 The Council shall be a representative and a consensus-seeking body where the parties to the Council will seek to reach agreement through negotiation and discussion based on proper mandates. If agreement cannot be reached, each party shall retain its freedom of action within its own sphere of responsibilities.
- 3.4 In terms of the agenda of the Council, the parties to the Council shall themselves develop an agreed agenda and shall also consider issues referred to the Council by the legislature, the executive of government and other bodies.
- 3.5 Agreements, reports and findings of the Council shall be made public, unless the Council decides otherwise.
- 3.6 The statutory framework of the Council shall specify that the Council shall have the right to determine its constitution and structures.

4. RELATIONSHIP WITH GOVERNANCE AND LEGISLATURE

- 4.1 The Minister of Labour will be the responsible Minister within government and will act as the link between government and the Council.

23

STRICTLY EMBARGOED UNTIL
13H30 ON 18 FEBRUARY 1995

- 4.2 The Council shall interact with any ministry in respect of issues that fall within that ministry's jurisdiction.
- 4.3 Government representation on the Council would include a core of Ministers and Deputy Ministers with their Directors General (Finance, Trade and Industry, Labour, Public Works and the Minister without Portfolio in the Office of the President.)
- 4.4 In addition to the standing government representatives on the Council, various ministries, government departments, provinces and other authorities will become involved in the activities of the Council as and when the issues under consideration require such involvement.
- 4.5 The South African Reserve Bank should also be involved in the Council, and shall in particular be represented in a non-voting capacity on the Public Finance and Monetary Policy Chamber.
- 4.6 The annual report of the Council shall be tabled in Parliament. All other reports shall be tabled in Parliament, through the relevant Minister, unless the Council decides otherwise.

5. REPRESENTATION

- 5.1 Equal representation shall be accorded to, organised business, organised labour and government. The combined representation by organisations representing community and development interests shall not exceed that of any of the other parties.
- 5.2 Organised labour and organised business shall each decide on the allocation of seats among the various employer and employee organisations.
- 5.3 Organised business and organised labour shall each set objective criteria and procedures for the admission to the Council of organisations which represent organised business and organised labour. Such criteria and procedures shall be tabled in the Council by organised business and organised labour, shall be publicly available, and shall among others include the objective of inclusivity of all major co-ordinating organisations representing national interests.
- 5.4 The parties to the Council shall themselves decide their own representatives to the Council in accordance with the allocation of seats. They should also decide on alternate representatives. Representatives to the Council shall be subject to the right of recall by their constituencies.
- 5.5 The executive council meetings will be chaired on a rotational basis by constituency-based Chairpersons.

The chairing of the chambers shall be by agreement of the parties.

24

STRICTLY EMBARGOED UNTIL
13H30 ON 18 FEBRUARY 1995

6. STRUCTURES AND ACTIVITIES

6.1 National Summit

The Council shall convene an annual national summit to be chaired by the President or Executive Deputy President or such equivalent person as the Constitution of the Republic of South Africa may provide for. (Further summits may be convened at the discretion of the Council should the need arise.) While the summit will not form part of the Council itself, its function would be to involve as many relevant groups and forums as possible in order to give feedback on Council activities in a transparent manner, to obtain inputs from organisations or persons not normally involved and to establish broader ownership of the Council. It should not involve more than 300 persons. If the President, Executive Deputy President or such equivalent persons are not available to chair the session, the parties on the Council will themselves decide on a replacement chairperson.

6.2 The structures of the Council should be representative. Functions for the different structures shall include the following:

6.2.1 Executive Council

The executive council shall meet at least quarterly with a view to receiving report-backs from the various chambers, review progress, reach consensus and conclude agreements between the parties. The executive council shall define the broad mandates of the Council's structures. Consideration will be given to developing an over-all macro-economic strategy.

6.2.2 Chambers

a) The following chambers should be established:

i) Public Finance and Monetary Policy chamber;

ii) Trade and Industry chamber. This chamber should also consider matters relating to agriculture, mining, etc., and its name might change in due course to represent its true nature;

iii) Labour Market chamber; and

iv) Development chamber.

b) The functions of the chambers would be to consider issues relevant to that chamber, to draft reports or make recommendations for agreements. Consensus recommendations made by any chamber shall be ratified by the executive council, except where by full consensus the executive council decides to amend such recommendation.

- c) The core membership of all chambers will be organised labour, organised business and the government, represented on the basis of parity. Between five and ten representatives of each should be appointed.
- d) Broader community representation should be the objective in the Development chamber, and this will entail a fourth element of representation (i.e. in addition to government, organised business and organised labour), the "Development actor constituency". Such representation should be from organisations that have a direct interest in the issues being debated, but they should represent an organised national constituency and be able to obtain mandates. They should be in a position to reach agreements and to ensure that their members adhere to such agreements.
- e) The various chambers, should, with the concurrence of the executive council have access to experts in such a manner as they deem fit, e.g. appointment for a term or on *ad hoc* basis, involvement as advisers or on contract, etc.
- f) Each constituent (i.e. the government, organised labour, organised business and the development component) should designate a convenor and alternate for its constituency in each chamber. The terms of reference of each chamber will be decided by the executive council.
- g) The chambers shall interact with any functional department in respect of issues that fall within that department's jurisdiction.

6.2.3 Management Committee

The management committee shall be responsible for overseeing and co-ordinating the work of the Council. The core membership shall be the overall convenors of the three social partners as well as the convenors of the constituents on each of the chambers. This implies a maximum of 16 members if there is no overlapping of functions. If deemed necessary not more than four additional members can be appointed to the management committee. It shall meet at least monthly.

7. SECRETARIAT

- 7.1 The Council shall appoint its own secretariat and determine its terms and conditions of employment.
- 7.2 Decisions shall be recorded in the form of memoranda of understanding that can be made public, except if the Council decides otherwise.
- 7.3 The Council shall be a successor to both the NMC and the NEF and shall incorporate the functions of both bodies.
- 7.4 The organised business and organised labour caucuses as well as the development

20

STRICTLY EMBARGOED UNTIL
13H30 ON 18 FEBRUARY 1995

component may each appoint one person of their choice to perform the role of assisting in co-ordinating the involvement of their constituency within the Council. It should be located within their constituency rather than in the Council secretariat, but will be publicly funded.

8. RESEARCH

- 8.1 The Council should have access to research capacity. This should be ensured through the establishment of a limited research capacity within the secretariat and through linkages with existing research bodies (e.g. Central Economic Advisory Services (CEAS)). In addition, maximum use should be made of existing and future research capacity within government departments and within constituencies.
- 8.2 An allocation should be made in the budget for research work. Any research work which implies additional funding will be decided by the Council in the light of the importance of such work and the availability of funds or the possibilities of raising additional funds.
- 8.3 Any decision to undertake research work which is funded by the Council's budget should be made jointly by the parties and the results of such research should be publicly available. Information on such research should be included in the annual report of the Council for the purposes of performance review.

9. FUNDING

- 9.1 The activities of the Council, including the provision of secretariat and research services, should be funded from the budget of the Department of Labour.
- 9.2 The transport and accommodation costs of representatives from organised business, organised labour and other representatives on the Council shall be funded by government. Similar expenses incurred by alternate members shall only be funded if the primary member is unable to attend a meeting.
- 9.3 An amount should be made available in the budget for the cost of the national summit.
- 9.4 There should be full report-backs at executive council meetings on financial matters. □

- CONSTITUTION -
**NATIONAL ECONOMIC DEVELOPMENT
AND LABOUR COUNCIL**

1. DEFINITIONS

In this constitution, unless the context otherwise indicates:

- 1.1. **“Act”** means the National Economic, Development and Labour Council Act, Act 35 of 1994;
- 1.2. **“Auditor-General, Executive Deputy President, and President,”** means those bodies or persons as defined in the Constitution of the Republic of South Africa Act, 1993;
- 1.3. **“constituent”** means organised business, or organised labour, or the State or organisations of community and development interests, and **“constituency”** shall bear the same meaning;
- 1.4. **“Council”** means the National Economic, Development and Labour Council;
- 1.5. **“Minister”** means the Minister of Labour;
- 1.6. **“Minister without portfolio”** means the Minister without portfolio in the office of the President;
- 1.7. **“member”** means the representative of any organisation save where the context indicates otherwise;
- 1.8. **“National Economic Forum”** means the body established in October 1992 to deal with economic and related socio-economic issues;
- 1.9. **“National Manpower Commission”** means the Commission established in terms of section 2A of the Labour Relations Act, 1956;
- 1.10. **“national summit”** means the annual meeting of interested parties called by the executive council in terms of clause 15;
- 1.11. **“organisations of community and development interest”** means those non-governmental organisations identified by the Minister without portfolio in terms of clause 9.2.4 of this constitution as representing community interests with an interest in development and reconstruction and which have been admitted as parties of the Council;
- 1.12. **“organised business”** means business as represented by the federation of

business associations and employer organisations that is the founding party of the Council and any new member that is admitted hereafter;

- 1.13. **“organised labour”** means labour as represented by the federations of trade unions that are the founding parties of the Council and any federation that is admitted hereafter;
- 1.14. **“party to the Council”** means any organisation which has members representing it on the Council;
- 1.15. **“social and economic policy”** includes financial, fiscal and monetary policy, socio-economic programmes, trade and industrial policy, reconstruction and development programmes and all aspects of labour market policy, including training and human resource development;
- 1.16. **“State”** means the government of the Republic of South Africa.

2. NAME, LEGAL NATURE AND CAPACITY

- 2.1. This is the constitution of the National Economic Development and Labour Council, in terms of section 2 of the Act.
- 2.2. The Council shall be a body corporate with perpetual succession constituted separately from its members, capable of acquiring rights and obligations, entering into legal transactions and to sue and be sued in its own name.
- 2.3. The Council alone is liable for its debt and commitments.
- 2.4. Any income or property of the Council shall be applied solely towards the promotion of its main or subsidiary objects and no proportion of the income or property shall be paid or transferred, directly or indirectly, to any members of the Council or any other person, provided that nothing herein contained shall prevent the payment in good faith of reasonable remuneration to any officer or employee of the Council or any member of it in return for any services actually rendered.

3. COMPOSITION OF COUNCIL

The Council shall be composed of:

- 3.1. An executive council, which shall be the governing body of the Council;
- 3.2. Four chambers, namely:
 - (a) the Public Finance and Monetary Policy chamber;
 - (b) the Trade and Industry chamber;

- (c) the Labour Market chamber;
- (d) the Development chamber;
- 3.3. A management committee; and
- 3.4. A secretariat.

4. OBJECTS, POWERS AND FUNCTIONS OF THE COUNCIL

- 4.1. The Council shall -
 - (a) strive to promote the goals of economic growth, increased participation in economic decision making and social equity;
 - (b) seek to reach consensus and conclude agreements on matters pertaining to social and economic policy;
 - (c) consider all proposed labour legislation before it is introduced into Parliament;
 - (d) consider all significant changes to social and economic policy before it is implemented or, in the case of legislation, before it is introduced into Parliament;
 - (e) encourage and promote the formulation of co-ordinated policy on social and economic matters.
- 4.2. For the purposes of clause 4.1, the Council -
 - (a) may make such investigations as it may consider necessary;
 - (b) shall continually survey and analyse social and economic affairs;
 - (c) shall keep abreast of international developments in social and economic policy;
 - (d) shall continually evaluate the effectiveness of social and economic legislation and policy;
 - (e) may conduct research into social and economic policy;
 - (f) shall work in close co-operation with departments of State, statutory bodies, programmes and other forums and non-governmental agencies engaged in the formulation and the implementation of social and economic policy.
- 4.3. Nothing in this section shall preclude the Council from considering any matter pertaining to social and economic policy.
- 4.4. The Council shall take over all the functions previously performed by the National Manpower Commission and the National Economic Forum unless specifically

excluded by this constitution.

- 4.5. The Council shall consider all issues pertaining to social and economic policy referred to it by the legislature, the Executive of Government and other bodies represented on the Council.

5. POWERS OF THE EXECUTIVE COUNCIL

5.1. The specific powers of the executive council shall be:

- (a) to exercise the powers and perform the functions referred to in clause 4;
- (b) to adopt the constitution of the Council and amend it from time to time but subject to the provisions of the Act;
- (c) to establish the chambers referred to in clause 3(2) of this constitution;
- (d) to establish the management committee referred to in clause 3(3) of this constitution and such other committees as may be necessary to assist it in the exercise of its powers and the performance of its functions and to delegate such powers and functions as it deems appropriate to such committees and the chambers contemplated in paragraph 5.1(c);
- (e) to conduct enquiries in the performance of its functions and the exercise of its powers;
- (f) to develop conventions to regulate its relationships with Parliament and provincial legislatures and their respective standing committees, ministries and departments affected by the decisions of the Council;
- (g) to draw up rules and procedures for all meetings of the executive council, chambers, management committee and committees;
- (h) to develop rules and protocols for the conduct of relations with other institutions engaged in the formulation or implementation of aspects of social and economic policy;
- (i) to develop codes of conduct to regulate the conduct of members and representatives;
- (j) to appoint a secretariat on such terms and conditions as it may determine;
- (k) to appoint auditors for purposes of annually auditing the accounts of the Council;
- (l) to exercise any other powers and perform any other functions as may be necessary for the Council to achieve its objectives.

5.2. Notwithstanding the foregoing, the Council's financial powers in respect of pub-

lic funds shall be restricted to its budget as approved by the Minister in terms of clause 14 and any other financial controls that may be required by the Auditor-General.

- 5.3. The Council shall be subject to all the provisions of the Act and in the event of a conflict between the provisions of this constitution and any provisions of the Act, the Act shall prevail.

6. THE COMPOSITION OF THE EXECUTIVE COUNCIL

- 6.1. The executive council shall consist of:

- 6.1.1. not more than 18 members who represent organised business appointed by the Minister on nominations made by organised business in terms of clause 9;
- 6.1.2. not more than 18 members who represent organised labour, appointed by the Minister on nominations made by organised labour in terms of clause 9;
- 6.1.3. not more than 18 members who represent the State appointed by the President;
- 6.1.4. not more than 18 members who represent organisations of community and development interests, appointed by the Minister without portfolio in terms of clause 9; and

- 6.2. An equal number of members shall be appointed from each constituency save that the constituencies appointed in terms of clauses 6.1.1, 6.1.2 and 6.1.3 may exceed those appointed in terms of clause 6.1.4.

- 6.3. The executive council shall from time to time appoint constituency-based chairpersons nominated by each constituency.

- 6.4. The appointments referred to in clause 6.3 shall be in rotation. Any reference in this constitution to the chairperson shall refer to the chairperson then in office chairing meetings of the executive council and management committee.

- 6.5. The appointment of any chairperson may at any time be terminated during his or her period of office by:

- 6.5.1. the written resignation of the chairperson;

- 6.5.2. the removal of the chairperson from office by a consensus vote of members of the executive council, provided that notice of a resolution to remove the chairperson shall be given in the manner provided for in clause 10 below and provided further that, before any such resolution is put to the vote, the chairperson is given an opportunity at that meeting to address the executive council;

- 6.6. The executive council shall meet at least four times in every financial year.

- 6.7. Any organisation may withdraw as a party to the Council by notice in writing delivered to the office of the secretariat. The effect of such resignation shall be that the organisation shall cease to have members representing it on the executive council.
- 6.8. The constituencies shall each appoint one of their members on the executive council as the overall convenor for that constituency on the Council.
- 6.9. Each constituency may appoint an alternate to a member. The appointments shall be done in terms of the criteria and procedures determined by each constituency. An alternate may only attend meetings of the executive council when the member to whom he/she is an alternate is:
 - 6.9.1. absent from the meeting;
 - 6.9.2. the chairperson of the Council.

7. THE CHAMBERS

- 7.1. Each chamber referred to in clause 3.2 shall be composed of the following members:
 - 7.1.1. not more than six members who are nominated by organised business and appointed by the Minister;
 - 7.1.2. not more than six members who are nominated by organised labour and appointed by the Minister;
 - 7.1.3. not more than six members who represent the State and are appointed by the President of the Republic of South Africa;
 - 7.1.4. in the case of the representatives of community and development interests in the Development chamber, such number of members as determined by the executive council and appointed by the Minister without portfolio.
- 7.2. An equal number of members shall be appointed from each of the constituencies referred to in clauses 7.1.1, 7.1.2, and 7.1.3.
- 7.3. The first meeting of each chamber shall be chaired by the chairperson of the executive council who shall preside until a chairperson has been elected by the chamber. The chairperson may be appointed on a permanent or temporary basis, or the position may be rotated amongst the constituents in terms of procedures agreed to by each chamber.
- 7.4. A chamber shall meet at least six times in every financial year.
- 7.5. A chamber shall consider issues relevant to that chamber, draft reports or make recommendations for agreements.

- 7.6. The chambers shall with the concurrence of the management committee, be entitled to have access to experts in such a manner as they deem fit, and to employ such experts or retain them on service contracts, for whatever time period deemed fit.
- 7.7. Each constituency in a chamber shall designate a convenor.
- 7.8. Each constituency may appoint an alternate to a member. An alternate may only attend meetings of a chamber when the member to whom he/she is an alternate is absent from the meeting, unless a chamber decides otherwise.
- 7.9. Each chamber shall have such further functions and terms of reference as may be decided by the executive council.
- 7.10. The chambers may interact with any government department in respect of issues that fall within that department's jurisdiction.
- 7.11. All reports, resolutions, policy documents and recommendations adopted by a chamber shall be submitted to the executive council. The executive council shall ratify consensus recommendations made by any chamber, except where by consensus the executive council decides to amend such recommendations.

8. MANAGEMENT COMMITTEE

- 8.1. The management committee shall, subject to clause 8.2, consist of 16 persons being:
 - 8.1.1. the four convenors on the executive council;
 - 8.1.2. the convenors from each constituent in each of the chambers, noting that the convenor of organisations representing community and development interests on the executive council shall also be that constituency's convenor in the development chamber. For purposes of the management committee, constituencies may choose to replace any convenor with another member.
- 8.2. The management committee shall have the power to co-opt not more than four additional members from amongst the membership of the constituencies, if deemed necessary.
- 8.3. The management committee shall be responsible for overseeing and co-ordinating the work of the Council, subject to the authority of the executive council.
- 8.4. The management committee shall have the responsibility, but not the exclusive jurisdiction, to prepare the agenda and any notices for executive council meetings, in terms of this constitution.
- 8.5. The chairperson of the executive council shall be chairperson of the management committee in terms of section 6.3 of this constitution.

- 8.6. The overall constituency convenors and management committee members may attend any meeting of the chambers, subject to 8.7. below.
- 8.7. The management committee shall develop guidelines for flexibility in the attendance of chamber meetings by management committee members. Such attendance shall be aimed at enhancing the consensus-seeking process in the chamber concerned.

9. ADMISSION OF MEMBERS

- 9.1. The State, organised business and organised labour shall nominate not more than 18 representatives as members of the executive council and not more than six representatives as members of each chamber.
- 9.2. Unless otherwise agreed within each constituency, representation at the inaugural meeting shall be determined as follows:
 - 9.2.1. for organised business, by Business South Africa;
 - 9.2.2. for the State, by the President of the Republic of South Africa;
 - 9.2.3. for organised labour, by proportional representation according to paid-up membership of the founding trade union federations - Cosatu, Fedstal and Nactu;
 - 9.2.4. for the organisations representing community and development interests, by the Minister without portfolio in consultation with organised business, organised labour and the Minister.
- 9.3. Applications for admission to membership by organised business, organised labour and the State after the inaugural meeting shall be made to the secretariat, in writing, in the form required by the executive council. Such applications shall be considered according to the process outlined in 9.4 - 9.6 below.
- 9.4. The secretariat on receiving such an application, shall submit such application to the convenor of the affected constituency on the executive council.
- 9.5. The convenor shall, within one (1) month of receipt of an application from the secretariat, convene a meeting within the affected constituency to consider the application. This shall be done in terms of the procedures and criteria determined by each constituency.
- 9.6. In the event that members of the affected constituency decide to approve a nomination, then that nomination shall be forwarded to the Minister who shall appoint the representatives to the executive council and/or chambers.
- 9.7. Applications for admission to membership by any organisation representing community and development interests after the inaugural meeting shall be made to the secretariat, in writing, on the application form required by the executive coun-

cil. Such applications shall be considered according to the process outlined in 9.9 - 9.11 below.

- 9.8. The secretariat shall submit such applications to the Minister without portfolio.
- 9.9. The Council shall, in accordance with the provisions of this constitution, take into account whether the applicant:
 - (a) represents a significant community interest on a national basis; and
 - (b) has a direct interest in development and reconstruction; and
 - (c) is constituted democratically and has a constitution which provides for democratic decision making procedures; and
 - (d) is able to seek mandates from its own members and to obtain compliance from its members in regard to resolutions and policies of the Council;
- 9.10. After the Council has approved the initial members of organisations representing community and development interests, any further applications from this constituency shall be considered by the members representing community and development interests. They shall submit their recommendation regarding the application to the Minister without portfolio, who shall, in consultation with the executive council decide the following:
 - 9.10.1. whether to admit the nominees as parties to the Council; and
 - 9.10.2. in that event, the re-allocation of members from organisations representing community and development interests on the executive council and/or chamber to comply with clauses 6.1 and 7.1.

10. TERMINATION OF MEMBERSHIP

- 10.1. The membership of any member of any constituency may be terminated by that constituency in the following circumstances:
 - 10.1.1. where member(s) who represent the organisation have failed to attend meetings of the executive council on three consecutive occasions without good cause, provided that where an organisation is represented by more than one member and the remaining members are not in default of this requirement, the executive council may request the secretariat to bring the matter to the attention of the affected constituency.
 - 10.1.2. where the organisation no longer meets the criteria determined by each constituency; or
 - 10.1.3. where the organisation has ceased to function as provided for in terms of its own constitution and/or the law.

11. PROCEEDINGS AT MEETINGS

- 11.1. All meetings, in terms of this constitution, shall be conducted in accordance with the rules and procedures as determined or amended by the executive council.
- 11.2. Unless otherwise provided for, decisions of any meeting shall be by consensus.
- 11.3. All meetings shall be convened by the secretariat, acting on the instructions of the relevant chairperson.
- 11.4. The quorum necessary for meetings of the executive council or chambers shall be one third of the number of members of the executive council or chamber, provided that amongst those present, at least one third of the number of members representing each of the constituents are present.
- 11.5. The quorum necessary for the transaction of business of the management committee shall be eight members provided that organised business, organised labour and the state shall each have at least two members present.
- 11.6. The decisions taken at such a meeting will not be binding unless ratified by the next meeting or in writing.
- 11.7. Organisations shall be entitled at any time and entirely within their own discretion, to replace any of the members representing them on the executive council or chambers, by other persons provided that due notice of such replacement is given in writing to the chairperson prior to the replacement members being entitled to take a seat on the executive council or chamber.

12. MINUTES

- 12.1. Written minutes shall be kept of all meetings of the executive council, management committee, chambers and committees. Once confirmed, such minutes shall be entered into a bound book and kept as a permanent record by the secretariat.
- 12.2. An attendance register of all members who attend any meeting shall be kept.

13. REPORTS

- 13.1. Any report of the Council, including the annual report or report on any proposed legislation or policy relating to or affecting social and economic matters shall be submitted to the Minister and to the convenors of each constituency. Every such report shall as soon as practicable be laid upon the Table of the Senate and of the National Assembly.
- 13.2. The executive council shall as soon as possible after 31 March in each year furnish the Minister with an annual report in respect of its activities and the state of social and economic matters in the Republic during the year ending on that date.

- 13.3. A report, other than the annual report of the Council, shall not be deemed to be a report of the Council for the purpose of section 8 of the Act unless two thirds of each of the constituencies on the executive council, subject to clause 7.11 of this constitution, have endorsed such a report. In the event of dissenting views these shall be included in all reports.

14. FINANCES

- 14.1. The financial year end of the Council shall be 31 March.
- 14.2. The executive council shall prepare an annual budget for the financing of the Council, including the national summit, for submission to the Minister by 1 September in each year for his/her approval and the concurrence of the Minister of Finance.
- 14.3. The activities of the Council, including the national summit and the provision of the secretariat and research services, shall be funded from the budget of the Department of Labour.
- 14.4. The executive director shall ensure that proper records and books of account of the administration of the Council, consistent with generally accepted accounting practices, are kept in such manner and form as is necessary in order, that at all times, the records and books shall fairly reflect the position of the Council and may engage and pay for such services as may be required for such purposes.
- 14.5. The accounts of the Council shall be audited annually by such auditors as shall be appointed from time to time by the executive council.
- 14.6. The Auditor-General or his/her duly authorised representative shall be entitled to inspect the books of account of the Council, at all reasonable times.
- 14.7. The Council shall be entitled to receive monies from private or public bodies, other than the State, provided that such funds are:
- (a) maintained in a separate bank account kept for that purpose;
 - (b) accounted for separately in the books of the Council.
- 14.8. The secretariat shall cause quarterly income and expenditure statements to be prepared for executive council meetings.
- 14.9. Members of the executive council and management committee shall be entitled to receive copies of the annual and quarterly income and expenditure statements of the Council but only members of the management committee shall be entitled to other financial records of the Council.

15. NATIONAL SUMMIT

- 15.1. The executive council shall convene an annual meeting of members and interested parties, called the national summit, to report on and consider the activities of the Council.
- 15.2. The national summit shall be a consultative forum and will not form part of the Council itself.
- 15.3. The function of the national summit will be to:
 - 15.3.1. involve as many relevant group(s) as possible in order to give feedback on Council activities;
 - 15.3.2. obtain inputs from organisations or persons not normally involved in Council activities;
 - 15.3.3. obtain broader consultation on issues being deliberated upon in the Council.
- 15.4. The national summit shall be chaired by the President or Executive Deputy President or such equivalent person as the Constitution of the Republic of South Africa may provide for. If the President, Executive Deputy President or such equivalent persons are not available to chair a national summit, the parties on the Council shall themselves decide on a replacement chairperson.
- 15.5. The executive council shall, from time to time, determine who shall be invited to attend the national summit.
- 15.6. Records of the proceedings of the national summit shall be kept by the secretariat, and these shall be made available to members of the public upon payment of a reasonable fee as determined by the executive council.
- 15.7. No resolution of policy adopted by the national summit shall be binding on the Council, unless expressly adopted by the Council.

16. SECRETARIAT

- 16.1. The Council shall, in terms of paragraph 5.1(j), appoint its own secretariat to perform the administrative work on behalf of the Council.
- 16.2. The secretariat shall be accountable to the executive council and management committee.
- 16.3. The executive council shall appoint an executive director to head the secretariat.
- 16.4. The executive director, or his/her designate shall be a member of the executive council, the chambers and the management committee, but shall not have voting rights.

17. AMENDMENT OF CONSTITUTION

- 17.1. This constitution may only be amended by the executive council provided that any such amendments are endorsed by two thirds of each of the constituencies.
- 17.2. Not less than thirty days notice of an amendment shall be given, which notice shall otherwise comply with the provisions of clause 11 and include the text of the proposed amendment.
- 17.3. No amendment to this constitution shall be valid to the extent that it is inconsistent with the Act.

18. DISSOLUTION

- 18.1. The Council may be dissolved by Parliament repealing the Act.
- 18.2. Upon the winding up and dissolution of the Council, the assets of the Council remaining after the satisfaction of its liabilities, shall be given or transferred to:
 - 18.2.1. in respect of monies from the State, to the government department concerned;
 - 18.2.2. in respect of any monies received from any person other than the State, to any other association, society or institution or any combination of them, which shall be of a public character, in the Republic of South Africa, that is:
 - a) politically independent;
 - b) of a non-profit nature;
 - c) concerned with issues of social and economic policy.
- 18.3. Such organisation shall be determined by the members of the executive council at or before the time of the Council's dissolution, or failing such determination, by the division of the Supreme Court of South Africa, having jurisdiction in the place where the secretariat is situated.

**FINAL DRAFT 3
25 APRIL 1995**