



REPUBLIC OF NAMIBIA

MINISTRY OF LABOUR, INDUSTRIAL RELATIONS AND EMPLOYMENT CREATION

VOTE 14: 2016/2017 FINANCIAL YEAR

BUDGET SPEECH

BY

HONOURABLE ERKKI NGHIMTINA, MP

31 MARCH 2016

Honourable Chairperson of the Whole House Committee
Honourable Members

Thank you for the opportunity to introduce to this House Vote 14 of the Ministry of Labour, Industrial Relations and Employment Creation for the Financial Year 2016/2017.

The Ministry's mandate is derived from Article 95 of the Namibian Constitution, which enjoins the State to ensure a decent standard of living for our people, and our programmes implement the following Legislation and Policy:

- Labour Act, 2007 (Act 11 of 2007), as amended;
- Employment Services Act, 2011 (Act 8 of 2011);
- Social Security Act 1994 (Act 34 of 1994);
- Employees Compensation Act (Act 30 of 1941) as amended;
- Affirmative Action Act (Act 29 of 1998); and
- National Employment Policy (2014-2017).

The Ministry has the responsibility 1) to **promote harmonious labour relations between employers and employees** by: fostering tripartism and social dialogue; preventing and resolving labour disputes; promoting collective bargaining; protecting the safety and health of employees at the workplace; and guaranteeing basic conditions of employment and social protection; and 2) to **coordinate, facilitate and evaluate employment creation** by establishing multi-sectoral platforms for coordinating employment creation, including self-employment, and promoting decent work; providing job placement services for employers and jobseekers and career guidance services for prospective employees; identifying skills

mismatches in the labour market and supporting skills development; ensuring affirmative action in employment; promoting productivity and conducting labour market researches.

The labour market in which the world and Namibia operate is **dynamic**. It is affected by ever-changing national and global economic and social factors. This Ministry is therefore, challenged to fulfil the responsibilities that I have just mentioned by continuously evaluating and refining strategies and programmes that can improve, and be seen to improve, the lives of Namibia's almost one million-strong labour force and the performance of the many thousands of Namibian employer enterprises.

One year ago, President Hage Geingob assigned to this Ministry the explicit and enhanced responsibility for employment creation as an integral part of the all-out struggle to eradicate poverty. When I stood before this August House last year, I said that the Ministry aims to give all Namibians hope that they can achieve better lives for themselves and their families through employment and entrepreneurship. I am pleased to inform you that the Ministry has embraced this challenge whole-heartedly and can report tangible progress.

However, I must first acknowledge that there cannot be a "quick fix" to eliminate unemployment in Namibia. Employment creation is a complex, multi-sectoral and never-ending project. In order to create employment, the nation is required to address simultaneously challenges such as: skills shortages; skills transfer; infrastructural development; productivity; a growing informal economy; access to capital, property or business premises, and to markets, among others.

The process is one of empowering our human capital through education, training, and recognition of skills; nurturing the spirit of entrepreneurship and ethos of productivity; mobilizing financial resources; and of Government supporting the conducive environment for expansion of the private sector. The most important factor that will determine Namibia success in creating employment is whether all actors-- Government at national, regional and local level, the private sector, the state-owned enterprises, the educational and training institutions and the relevant institutions of civil society—can learn to work in a **new way to ensure the highest degree of coordination and complementarity across all sectors.**

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Permit me to summarize the Ministry's key achievements in the Financial Year 2015/2016 in setting in motion the process of coordination of employment creation:

- In May and June of 2015, Ministry officials visited all regions of Namibia to consult regional authorities and other key stakeholders and to solicit proposals for employment creation. This produced 500 concrete proposals for employment projects at regional and local level, which the Ministry officials then assessed. The Ministry aims to begin by seeking support for one project with the greatest employment potential in each Region.
- On 15 September 2015, I gave notice in the *Gazette* to bring into effect new regulations pursuant to the Employment Services Act that require employers with 25 or more employees, known as designated employers, to report all employment vacancies to the national Employment

Services Bureau, for inclusion in the **Namibian Integrated Employment Information System (NIEIS)**. **NIEIS** includes a database of job seekers and job vacancies nationwide to facilitate and to open up the employment process. The Ministry is presently conducting workshops in several regions to train employers on how to register their job vacancies on **NIEIS**. This year **14, 698 jobseekers** and **1405 designated employers** have registered on **NIEIS** and the Employment Services Bureau have placed 2672 jobseekers in jobs.

- The draft **Employment Guidelines** were refined in preparation for submission to Cabinet in the early part of the next Financial Year. These guidelines will strengthen the existing framework to ensure that public bodies and stated-owned enterprises will give preference in the award of contracts and economic rights to enterprises that maximize employment, provide qualifying skills training to new and incumbent employees, and support local SME development agenda.
- In the promotion of productivity, the Ministry has achieved the following:
 - Produced the **Namibia Productivity Baseline Statistics Report**, which assesses the levels of productivity in key economic sectors and provides strategies and measures to promote and improve productivity in Namibia;
 - Launched the **Namibia Productivity Movement** on 09 October 2015 to provide a platform for social partners to craft an agenda for accelerated productivity growth in Namibia;

- Finalised the draft **National Productivity Policy**.
- The Ministry completed the **Namibia Skills Audit Survey Report**, which is awaiting approval by the National Statistics Agency. This Report will provide relevant evidence to inform the planning of educational and vocational training.
- In order to better understand the needs of the **informal economy** and to identify priorities for support of informal enterprises and informal economy entrepreneurs, the Ministry conducted two multi-stakeholder workshops in August and October. This resulted, among other things, in the Ministry's commissioning of a full-scale study on the compositions of Namibia's informal economy to enable evidenced-based policy-making and programmes in this area.
- In November, 2015, I convened a **high level consultation of Ministers**, their representatives and other key stakeholders to discuss coordination of employment creation and to identify priority projects for investigation and evaluation.
- In February 2016, the Ministry held the first **Annual Social Dialogue Forum on Labour and Employment**, which attracted approximately 200 stakeholder representatives from all sectors, including ministries, regional and local authorities, public and private enterprises and training institutions. The employment segment focussed on creation of employment for Namibian youth.

The consultations that I just described produced many promising proposals. However, they also revealed that Namibia's public strategies and programmes, as well as private sector activities that have the potential to

create employment are fragmented, not adequately prioritised and sometimes duplicate each other.

I am convinced that for Namibia to succeed in creating employment for all, we need to: 1) adopt the standard practice of evaluating all existing and proposed programmes for Namibia's economic and social development from the perspective of employment creation; 2) develop an integrated approach to the many facets of the employment creation process; 3) prioritize programmes that can maximize tangible employment creation; and 4) establish a permanent body to coordinate, monitor and evaluate the planning and implementation of the employment creation process.

When I appeared before this House last year to motivate the Ministry's budget, I proclaimed my intention to table, in the space of months, the **Employment Creation Commission Bill**, to establish a multi-sectoral body to coordinate, monitor and evaluate employment creation. Based on the efforts to date, I am more convinced than ever that the Employment Creation Commission is needed. Unanticipated delays in the drafting kept me from tabling the Bill during the last Financial Year. However, I am confident that I will be able to table this Bill in the near future.

Honourable Chairperson of the Whole House Committee
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I have chosen to place emphasis on Employment Creation because this is my Ministry's first year in fulfilling its enhanced mandate in this area; however, it is also important to report on the other key achievements, in the areas of labour and industrial relations:

- The labour and industrial relations segment of the National Social Dialogue Forum to which, I referred earlier focussed on what can be done to prevent and minimize industrial strikes and lockouts. The stakeholders' strong consensus was that there is the need to provide training to the tripartite social partners—employers' and workers' organisation and Government—on modern interest-based methods of collective bargaining and that there is equally a need to support capacity building for the trade unions and employers' organisations. Action will be taken to implement these recommendations in the coming Financial Year.
- The path-breaking Wage Order for Minimum Wage and Minimum Conditions of Employment for Domestic Workers came into effect on 01 April, 2015. The Ministry conducted a media campaign and established a public SMS line to promote awareness and compliance. A recent stakeholders' workshop was conducted to take stock of the first year and to plan feasible and effective inspection and enforcement strategies. The inspection and enforcement of the Minimum Wage is set to commence and to run alongside ongoing promotional activities during the coming Financial Year. In accordance with the two-year Wage Order in effect, the minimum wage will be raised by 5% plus an amount equal to the increased cost living, which measures 6.1% in February 2016. The new monthly minimum wage therefore will be N\$1353.
- Labour inspections were conducted at **3 967** workplaces with respect to both conditions of employment and safety and health at workplace.

- As a result of the alarming rate of accidents in the construction sector, the Ministry revisited its enforcement strategies in order to re-emphasise the legal obligations of principal contactors, especially on projects where many functions are sub-contracted. Public notices were published in the print media requiring any person intending to commence construction work to notify the Ministry 30 days prior to the commencement of such work.
- The Ministry also completed detailed investigations of many of the reported serious and fatal accidents and reported to the Prosecutor General as required.
- The Ministry, in consultation with the employers' and employees' representatives, is at an advanced stage to finalise two important policies, namely; National Occupational Health and Safety Policy, and the National Labour Inspection Policy, which are expected to reach the Cabinet during the next Financial Year.
- The Ministry acquired an electronic Labour Information Management System (LIMS) that can capture, store and report on labour inspection-related data as needed for monitoring and evaluation. It will come into operation early in the Financial Year.
- The Ministry has intensified its public awareness activities through the weekly **Namibia at Work** program on NBC National Radio to educate employers and employees on provisions of the Labour Act and other labour and employment topics. This effort will be deployed to other local languages in the coming Financial Year.

- The Ministry succeeded in securing the approval of the Public Service Commission for the much-needed expansion of the Labour Inspectorate. New positions will be filled in accordance with the budgetary allocation.
- After a long illegal strike in the Fishing Industry, a comprehensive Memorandum of Understanding, and two collective bargaining agreements have been entered into that have been submitted by the parties to the Minister to consider extending the agreements to all employers and employees in key sectors of the industry.
- The introduction of such a measure has the potential of bringing greater stability to labour relations in the Fishing Sector.
- Similarly, application has been made to the Minister for extension of a Collective Agreement facilitated by Ministry officials that is intended to set Minimum Wages in the Retail Fuel Industry.
- In the area of social protection, the Ministry has been engaging with the Social Security Commission on such projects and measures as the establishment of the National Pension Fund for all Namibian employees, improvement of maternity and other current Social Security benefits and Employee Compensation Fund benefits, the construction of protective shelters for expectant mothers when they visit clinics or hospitals, and the possibly establishment of a Return To Work Programme for employees injured on the job.
- The **Office of the Labour Commissioner** processed 2 656 complaints of labour disputes, and successfully resolved 2 281 disputes through conciliation or arbitration.

- The Ministry provided necessary support services to the **Labour Advisory Council (LAC)**, which conducted 8 meetings during this Financial Year.
- As an active member of the International Labour Organization, and of organs of the African Union and SADC in the areas of labour and employment, the Ministry and its social partners attended 5 of meetings and seminars of those bodies during the past year. The Ministry also submitted 14 required reports to the ILO on its compliance with ILO conventions
- The Ministry has commenced a tri-partite process of **reviewing the Labour Act, (Act 11 of 2007) for possible amendment in 2017**, ten years after its promulgation.

Before indicating our budgetary requests for next year, I will address briefly the challenges faced in achieving employment equity. While reports received last year by the Employment Equity Commission revealed that 84% of the employees covered by the reports are black, white employees disproportionately occupy the higher level positions: 59% of CEO's and 34% of managers are white, while only 34% of managers are women and 1% are persons with disabilities.

However, despite slower than expected progress in the affirmation of persons in designated groups, the Commission is confident that good will exists to move toward greater equity in employment.

**Honourable Chairperson of the Whole House Committee
Honourable Members**

I will now introduce the budgetary requirements of the Ministry of Labour, Industrial Relations and employment Creation for the Financial Year

2016/2017, which amounts in total to **N\$207,473,000**. The individual programmes are as follows:

Programme 1: Promotion of social dialogue and tripartism

This programme is aimed at strengthening consultation and collaboration between and amongst the State, employers and employees on labour and employees issues. This includes providing support for the Labour Advisory Council and tripartite participation in regional, continental and international labour interactions.

This activity requires N\$9,508,000

Programme 2: Promotion and maintenance of harmonious labour relations

The objectives of the program are to ensure compliance with labour legislation pertaining to conditions of employment, protection of employees at the workplace, labour dispute resolution and employment equity. The programme therefore, entails prevention and settlement of labour disputes, labour inspection, enforcement of statutory conditions of employment and enforcement and monitoring of the implementation of affirmative action requirements.

The programme requires **N\$66,723,800**

Programme 3: Promotion and ensuring optimum development and utilization of human resources

This programme covers the provision of necessary services and information to the labour market and the coordination, promotion, monitoring and evaluation of employment creation. Services provided include labour surveys and research, vocational and occupational guidance, promotion of productivity. In order to create employment existing programmes will be strengthened and preparation will be made for the establishment of the Employment Creation Commission.

The programme requires **N\$62,197,000.**

Programme 4: Supervision and support services

This programme supports all the components of the Ministry in its day to day activities in pursuit of its mandate and realization of its set objective. The programme further ensures support services to the Ministry's programmes. The programme ensures that human and financial resources are optimally utilized and accounted for. It coordinates acquisition and disposal of State assets under the Ministry's jurisdiction. It further oversees the capital projects of the Ministry.

The programme requires: N\$66,829,000.

I wish to express my sincere thanks to the Minister of Finance and the Minister of Economic and National Planning and Director General of National Planning Commission as well as their staff for their efforts in the preparation of the Budget for the 2016/2017 Financial Year.

In conclusion, Honourable Chairperson of the Whole House Committee and Honourable members, it is now my honour to submit to this House Vote 14 for the Ministry of Labour, Industrial Relations and Employment Creation in the amount of N\$ 207,473, 000 for your consideration and approval. I thank you for your support.