**Memorandum**

**Social Justice & Transformation**

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**To:** VUT Community

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**From:** George Mvalo, Director: Social Justice and Transformation

**Date:** 12 May 2017

**Subject:** Commission for Employment Equity Report

On 9 May the Minister of Labour presented the 17th Annual report compiled by the Commission for Employment Equity (CEE). This memo serves to highlight some of the findings and implications for VUT as a designated employer. A copy of the report is hereby attached.

* For the first time the CEE  sets sectoral numerical EE targets as measure to monitor compliance
* Most importantly section 53 of the EE Act has been invoked. Basically non- compliant public/private employers will not be able to do business with government (State Contracts)
* Employers will be required to produce compliant certificates as a requirement for doing business with government
* The compliance certificates are designed to facilitate accelerated transformation
* A List of non-compliant employers will be published by the Department of Labour.
* For the first time there is a separate analysis  of the reports submitted by universities i.e. pp 39-53
* The university sector has been found to be lagging behind in terms of demographic transformation
* The strategic decision making positions i.e. Top, Senior and Professionally qualified levels are still dominated by males whereas females are dominant in the Skilled Technical level
* Generally white males continue to be disproportionately dominant in top and senior management levels
* There is an increasing number of foreign nationals (not beneficiaries of employment equity) at universities
* Female employees as beneficiaries of employment equity are not increasing in strategic roles
* A large number of EE graduates are not given opportunities to become employees in universities
* People with disabilities remain severely under –represented, for example, only three (3) people with disabilities are employed at Senior Management level within universities
* The gender gap between males and females is growing

The CEE report  asserts that  “ *despite the comprehensive legal framework in place and the consolidation of the EEA, the pace of transformation has been slow. Some key contributors to the slow pace include* “:-

* Implementation challenges such as resistance by a number of employers to embrace EE to transform their workplaces
* EE not being recognised by a number of employers as a business imperative, thus EE not yet integrated into business strategies and plans to promote equity
* Absence of prescribed EE targets/EE benchmarks to be met by employers in various sectors to ensure equity in the various workplaces
* Inadequate monitoring of compliance by employees and trade unions i.r.t. the implementation of the agreed EE targets set by employers in the EE Plans
* Promulgation of section 53 of the EE Act to trigger financial consequences for non-compliance and as a result  expedite transformation  and compliance with the EEA

**Sectoral targets**

Furthermore the CEE is now looking at setting sectoral targets  to assist in determining compliance to be used for the basis of issuing of equity compliance certificates

**Implications for universities**

Undoubtedly there is going to be increased spotlight on non-compliance on both public and private employers (already various universities have either Commission for Gender Equality visits or DG Reviews by the Department of Labour)

**Supply chain implications**

It is advisable that VUT seriously consider reviewing  its supply chain policy in line with the invocation of s53 of the EE Act as amended.

**Reputational implications**

The Department of Labour intends to publish a list of non- compliant designated employers which could have reputational risks for a designated employer.

**Fines for non compliance**

The Minister of Labour indicated that 21 companies (half of which are JSE-listed companies) have been fined for non-compliance. Plans are afoot in drafting higher penalties for non-compliance.

**Appointment of foreign nationals**

The report also notes the large number of foreign nationals appointed at South African universities, sometimes more than the numbers of designated groups such as Coloureds, Indians and people with disabilities. Furthermore foreign nationals are also appointed at the unskilled level which is not part of the scarce and critical skills list.

**Monitoring implications**

Evidently, there is going to be an increased expectation on VUT EEDC and the unions as far as their monitoring role is concerned.

It is becoming evident that the government is tightening its regulatory mechanisms to ensure accelerated societal transformation, employers found wanting risk facing both financial and reputational ruin.

Regards, George