

Press Release



**South African
Institute of
Race Relations**

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For immediate release

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Obstacles to compliance with Jimmy Manyi's bill

Companies in the Western Cape wanting to avoid fines that could go as high as 10% of turnover will face enormous challenges in complying with a bill drafted by the Department of Labour when Jimmy Manyi was its director general, says the South African Institute of Race Relations.

Ironically, though Manyi's comments about coloured 'over-concentration' in the Western Cape have been repudiated by both the African National Congress (ANC) and the minister in the presidency, Trevor Manuel, the Employment Equity Amendment Bill (the bill) has been approved by the Cabinet and is in line with Manyi's thinking.

The bill, which amends the Employment Equity Act of 1998, not only introduces higher fines but also provides that employment equity targets should comply with the national breakdown of the population, rather than the regional one that has hitherto been permitted.

A notional employer of 1 000 people in his factory in the Western Cape who has succeeded in fulfilling regional demographics will currently have a workforce that is 29.1% African, 54.8% coloured, 0.5% Indian, and 15.6% white. In actual numbers, his workforce would comprise 291 Africans, 548 coloured people, 5 Indians, and 156 whites.

But because the goalposts are to be shifted from regional to national demographics, his workforce will have to become 73.7% African, 10.9% coloured, 3.2% Indian, and 12.2% white.

"There are four options for such an employer seeking to meet the new targets laid down in Manyi's bill," says Dr Anthea Jeffery, Head of Special Research at the Institute:

Option 1: The employer can keep his workforce at 1 000 people. However, to attain the right racial proportions, he would have to reduce his coloured staff from 548 to

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109 and his white staff from 156 to 122, while increasing his African employees from 291 to 737 and his Indian workers from 5 to 32. He would thus have to lay off 439 coloured people and 34 whites.

Option 2: He could reduce his overall workforce by 60% so that his existing 291 African employees make up 73.7% of his reduced workforce of 395 people. He would then retain all his 291 African employees, but would have to bring down his coloured employees to 43 and his white staff to 48. His Indian employees would need to go up to 13. He would then have to lay off 505 coloured and 108 white employees.

Option 3: If the employer does not want to retrench any of his coloured staff, he could increase his staff complement more than five-fold to 5 032, for his existing coloured staff of 548 people would then make up 10.9% of this expanded workforce. To acquire the correct racial proportions, he would then need 3 709 Africans, 161 Indians, and 614 whites. He will have to quintuple his staff not because of increased demand for his products but because this offers a way of avoiding either costly retrenchments or new fines ranging from 2% to 10% of turnover.

Option 4: He could ignore the new racial targets envisaged by the bill and run the risk of the new fines, which will also be more difficult to avoid because the bill removes key defences based on skills shortages and financial constraints.

Says Jeffery: “These illustrative figures show how difficult compliance will be. They also show that coloured people in the Western Cape will either lose jobs or find it virtually impossible to obtain employment — except in the third and most unlikely scenario.

“The bill is thus calculated to encourage coloured people who want work to move elsewhere, exactly as Manyi has urged.

“Manuel has rightly castigated Manyi for his comments. Manuel has also pointed out that the bill was drafted by the Department of Labour during Manyi’s tenure as director general. This, Manuel has added, suggests that Manyi’s ‘racism has infiltrated the highest echelons of Government’.

“But Manuel’s comment is also bizarre. For though he has branded as racist remarks about ending coloured ‘over-concentration’ in the Western Cape, he is also part of a Cabinet that has approved a bill that will help achieve what Manyi wants.”

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