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University of the Witwatersrand

The Graduate School of Social Sciences and Humanities

Local labour procurement practices and policy:
A case study of Kusile power station

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A research report submitted to the Faculty of Humanities, University of the Witwatersrand, Johannesburg, in partial fulfilment of the requirements for the degree of Master of Arts in Industrial Sociology- Labour Policies and Globalisation (by course work).

Johannesburg, 2013

DECLARATION

I the undersigned declare that this research report is my own work. It is submitted for the Master of Art degree in Industrial Sociology on Labour Policies and Globalisation at the University of the Witwatersrand, Johannesburg. This report has not been submitted before for any other degree or examination in any University.

NQOBILE NKOTITSHI TSHABANGU **DATE (2013)**

DEDICATION

I dedicate this to my wife Sitshengisiwe who gave all her undivided support in being the pillar of my strength during the period of my study considering I was unemployed due to my fulltime studying of this programme. I further dedicate it to my son Genious Lesly Tshabangu and my two daughters Noe Nicole Tshabangu and Mandy Victorious Tshabangu.

I salute you all

ABSTRACT

There is a general conformity in employment discourses that informal employment is not welcomed in the employment circles regardless of how well marketed it could be. The government of South Africa on its state owned projects in the construction industry introduced policies that promoted local labour procurement of employees a process that has resulted with heavy contestations due to its application. This study examines the impact of local labour procurement policy on locally recruited employees and those who got retrenched purely for the purpose of accommodating the policy requirement. This is done through the use of Kusile power station as a case study. It adopts qualitative research approach using interviews and document analysis. The study also examines this policy in conjunction with the current labour legislation and the effects it has on the existing labour and the proposed amendment labour bills. It also examines the motive behind the introduction of the policy and who has benefited from it. However the findings reveal that there is inconsistence in the application of the policy. The purpose why the policy was introduced is to reduce unemployment poverty in the areas where these projects are being constructed. Further also the study reveals that in as much as the policy promotes informal employment, this type of informal employment is different from the commonly well-known informal employment purely on the aspect of remuneration and benefits compared to the common one.

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ACRONYMS AND ABBREVIATION

AIDS	Acquired Immune Deficiency Syndrome
ANC	African National Congress
AS	Annual Summit
BBC	Black Business Council
BC	Bargaining Council
BCAWU	Building Construction and Allied Workers Union
BCEA	Basic Conditions of Employment Act
BRS	Backhousia Recruitment Services
BU	Bargaining Unit
BUSA	Business Unity South Africa
CCF	Constructors Consultative Forum
CCMA	Commission for Conciliation, Mediation and Arbitration
CDR	Centre for Dispute Resolution
CDRO	Centre for Dispute Resolution Officer
CEASA	Construction Engineering Association of South Africa
COSATU	Congress of South African Trade Unions
CPI	Consumer Price Index
CRDP	Comprehensive Rural Development Programme
CSG	Child Support Grants
DA	Democratic Alliance
DC	Development Chamber
DF	Department of Finance
DHA	Department of Home Affairs

DOL	Department of Labour
DPSA	Disabled People South Africa
DPW	Department of Public Works
DTI	Department of Trade and Industry
ECC	Employment Commission Committee
EEA	Employment Equity Act
FDI	Foreign Direct Investment
FEDUSA	Federation of Unions of South Africa
FSC	Financial Sector Coalition
HIV	Human Immune Virus
HRM	Human Resources Manager
HSC	Highveld Steel Company
IES	Inspection Enforcement Services
ILO	International Labour Organisation
IPAP	Industrial Policy Action Plan
KCWJV	Kusile Civil Works Joint Venture
KET	Kusile Executive Team
LDC	Limited duration contract
LIFO	Last in first out
LLP	Local Labour Procurement Policy
LMC	Labour Market Chamber
LRA	Labour Relations Act
LRAB	Labour Relations Amendment Bill
LRAB	Labour Relations Amendment Bill
MC	Management Committee

MET	Medupi Execution Team
MEWUSA	Metal Electrical Workers Union of South Africa
MNC	Multinational Corporations
MPSJV	Medupi Power Station
NACTU	National Council of Trade Unions
NALEDI	National Labour and Economic Development Institute
NCASA	National Co-operatives Association of South Africa
NEDLAC	National Economic Development and Labour Council
NNF	National Negotiating Forum
NUM	National Union of Mine Workers
NUMSA	National Union of Metal Workers of South
NWC	National Women's Coalition
OAG	Old Age Grants
PESA	Public Employment Services Act
PFMPC	Public Finance and Monetary Policy Chamber
PIRM	Project Industrial Relations Manager
PLA	Project Labour Agreement
RIA	Regulatory Impact Assessment
RO	Recruitment Office
SAEWA	South African Equity Workers Association
SAFCEC	South African Federation Civil Engineering Contractors
SAICE	South African Institute of Civil Engineers
SANCO	South African National Civics Organisation
SANDF	South African National Defence Force
SANRAL	South African National Road Agency Limited

SARS	South African Revenue Services
SAYC	South African Youth Council
SBP	Small Business Project
SOE	State Owned Enterprise
TDRC	Tokiso Dispute Resolution Centre
TES	Temporary Employment Services
TIC	Trade and Industry Chamber
TNC	Transnational Corporations
UASA	United Association of South Africa