



# **SECOND ANNUAL NATIONAL COLLECTIVE BARGAINING WORKSHOP<sup>1</sup>**

**29 -30 May 2008**

Elijah Barayi Training Centre, Yeoville,  
Johannesburg

**REPORT**

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<sup>1</sup> We would like to extend our gratitude to the Friedrich Ebert Stiftung for their generous funding of this workshop.

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## 1. INTRODUCTION

This was the second annual national workshop on collective bargaining to be hosted by the Labour Market Transformation Programme of NALEDI. While the first workshop in May 2007 made general invitations to union officials, the present workshop specifically targeted national negotiators with the objective of bringing them to a common forum to “discuss, learn and share ideas about ways in which unions can adopt better methods to win demands from employers in their negotiations”.<sup>2</sup>

Building on, and expanding the thematic framework of the 2007 workshop<sup>3</sup>, this workshop was structured along four key focal areas: the economy, budgets and company financials, collective bargaining trends, and sharing strategies for successful negotiations. We felt especially that since our aim was to equip national negotiators with concrete skills for use in collective bargaining, we would zero in on the specific information (tools) which negotiators can use with ease during bargaining rounds.

It is for this reason that we sought to have a clear understanding of CPI/CPIX –the concepts used officially to measure inflation, - how to read and analyse national budget information in the case of public sector unions, how to read and analyse company financial statements on the part of private sector unions, skills and equity, and particular demands relating to women which need to be considered when formulating demands during bargaining rounds.

Six presentations were made by persons with experience and expertise in each of the focal areas and after each presentation, the negotiators held a substantive discussion in order to flesh out areas of clarity or make additional input. Towards the end of the workshop on the second day, the negotiators shared and discussed their own challenges, difficulties and strategies which they have used in each of the sectors.

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<sup>2</sup> NALEDI proposal for the workshop.

<sup>3</sup> See the 2007 Collective Bargaining Workshop Report at [www.naledi.org.za](http://www.naledi.org.za)

A total of 41 national negotiators representing 15 of COSATU's (Congress of South African Trade Unions) 20 affiliates attended the workshop. These affiliates were: South African Democratic Nurses Union (SADNU), Democratic Nursing Organisation of South Africa (DENOSA), National Union of Mineworkers (NUM), South African Transport and Allied Workers Union (SATAWU), Police and Prisons Civil Rights Union (POPCRU) and South African Democratic Teachers Union (SADTU).

The others were; Creative Workers Union of South Africa (CWUSA), Communications Workers Union (CWU), National Health and Allied Workers Union (NEHAWU), Public and Allied Workers Union of South Africa (PAWUSA), South African Society of Banking Officials (SASBO), National Union of Metal workers of South Africa (NUMSA), South African Municipal and Allied Workers Union (SAMWU), South African Medical Association (SAMA) and Chemical, Paper, Pulp, Wood and Allied Workers Union (CEPPWAWU).

Frans Baleni, General Secretary of the National Union of Mineworkers, in his opening remarks says one of the biggest challenges facing unions is that the working class is not homogenous, and therefore collective demands have to be shaped with this in mind. He says unions must "*understand the different needs of our members*" so that they are able to articulate the interests of everyone.

Baleni adds further that one thing unions must appreciate is the fact that collective bargaining is about compromises and negotiators need to have fall back positions. In doing so, unions must avoid the weakness of 'rigidly setting the bar' of demands because when employers come back with their offer which in almost all cases is way below what unions generally ask for, then unions have to find an appropriate acceptance strategy.

The first full-fledged input in the workshop is by Oupa Bodibe, Executive Director of NALEDI. In it, Oupa looks at the recent growth of the South African economy and cites factors such as high consumer demand, rising investment by the state and low nominal interest rates, as they key drivers behind this growth. He also discusses employment and

argues that the short-lived pace of impressive economic growth has done little to off-set the high number of unemployed workers in the South African economy.

In any event, Bodibe argues, economic growth has since 2007 began to falter with indications that this trend will continue into the foreseeable future. In his concluding remarks, he wonders whether we have gradually become a service economy given the high contribution of the services sector to the country's Gross Domestic Product, and calls for a re-look into the industrial, fiscal and monetary policies so as to enable the economy create sufficient jobs.

The second input by Trenton Elsley, a researcher at the Cape Town based Labour Research Service, looks at inflation with particular focus on the Consumer Price Index (CPI), the Consumer Price Index minus interest rates on mortgage bonds (CPI-X), and the cost of living. Elsley engages participants in a dialectic discussion about inflation, the measurements used to calculate inflation (CPI/CPIX) and how inflation impacts on workers. On the contested idea of the living wage, he argues that it is difficult to have a precise measure of what it should constitute since there are no reliable studies on parameters such as the minimum living level, standard living level, and the poverty line. In the final analysis, Elsley calls for flexibility in tactics and says that during bargaining rounds, negotiators must use those tools which will give them most favourable returns for workers.

In the third input, Ebrahim-Khalil Hassen, a research associate at the Centre for Poverty, Employment and Growth, discusses the national budget, key economic considerations and how negotiators can use budgetary information to shape their demands. Khalil Hassen says central to formulating demands in the public sector is the need to identify financial data on each sector from the Budget Review and the National Expenditure Survey, summarise available data from National Treasury, and then compare all public data with information from the private sector and also from unions.

Kimani Ndungu, a researcher at NALEDI and head of its Labour Market Transformation Programme makes the fourth input looking at wage and non-wage trends. He observes that between 1995 and 2005, real wages remained fairly moderate and in comparison with men, women experienced a much sharper fall in their wages. He then examines recent wage settlements at the sectoral level and points out that in 2007, the average wage increase for workers was 7.5%. This was only about 1% above the average rate of settlements in 2006 (6.3%). Ndungu argues that such a small increase is rather insignificant since the average rate of annual inflation (CPIX) in 2007 was 6.5% which means that workers only got an increase of around 1% above inflation.

On executive pay, Ndungu says the distinctive marker for 2005/6 was the 34% increase in executives pay (compared with a 6.3% increase for workers) and again for 2006/7, the increase was 14% (compared with 7.5% for workers). This has not only ensured that executives continue to “cream it”<sup>4</sup> while the majority of workers survive on the margin of the economy, but also, that the wage gap has continued its relentless expansion. Finally, Ndungu examines a number of non-wage trends at a sectoral level and says unions are paying little attention to the problem of HIV/AIDS, there is a marked absence of strategy on skills development, and in certain sectors such as mining, there is an increase in the variation of basic conditions of employment such as overtime hours, night work and meal and rest periods.

The problem of scarce and critical skills in many sectors of the South African economy has been identified as one of the primary bottlenecks to economic growth in the country. This is the issue tackled by Mandy Moussouris, the co-director at Doors of Learning, where among other things; she discusses the problems besetting the current skills development system and then presents some ideas to address these problems. Moussouris says information from the previous Sector Skills Plans showed that the existing training was not redressing the legacy of apartheid, instead, it was reinforcing the

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<sup>4</sup> Lynley Donnelly, “Workers’ wages barely beat inflation, bosses cream it”. Mail and Guardian, June 27-July 3 2008, p5.

same cleavages entrenched by many decades of apartheid's distortion of the labour market.

Moussouris also considers the institutional structure of skills training (General Education and Training (GET), Further Education and Training (FET) and Higher Education and Training (HET) and argues that these structures tends to follow the traditional, elitist model of separation of skills. She argues that companies are using training grants to increase the skills of the already skilled, there is little or no engagement at the company level by unions and their shop stewards in the development of Workplace Skills Plans (WSPs), and there is also no strategic coordination between COSATU affiliates as well as with COSATU's industrial strategy.

We need to appreciate that South Africa's critical skills problem needs a multi-faceted interventionist strategy, and some of the proposals that Moussouris flags include time off for workers to enter into training programmes, training to be balanced with skills, the structural separation between training and education to be eliminated, and workers on the shop-floor to be trained to participate in the development of WSPs and Sector Skills Plans.

*"Research has shown"*, Patricia Appolis, Gender Coordinator of the South African Commercial, Catering and Allied Workers Union argues in the last input, *"that very little has been done to ensure that gender issues and women specific issues are negotiated."* This assertion is not surprising since issues relating to women appear to take a back seat in many of the agreements concluded between unions and employers. Appolis looks at the intersection of gender and collective bargaining and says the post-apartheid workplace is in many ways a microcosm of the wider post-apartheid society. Women occupy most of the vulnerable, insecure and low paying jobs, and they continue to suffer the double bind of production (at the workplace) and reproduction (domestic responsibilities and childcare in the household).

Appolis argues that to raise the uptake of gender issues in collective bargaining rounds, unions must among other interventions, employ more women as negotiators, increase the representation of women leadership in the negotiating teams, institute empowerment programmes to raise consciousness about gender issues, and elect workplace based gender coordinators to ensure that gender issues are part of the collective bargaining agenda. She concludes by cautioning that we “*still have a far way to go and [we are] in many ways weighed down by the continuous changes taking place in the labour market that impact negatively on women.*”

The last session of the workshop was dedicated to sharing experiences on collective bargaining strategies with a view to taking on innovative approaches and adapting where necessary, different ideas that have been used with a degree of success by fellow negotiators. Most negotiators emphasized the need for education, conscientisation, and organization of workers as a *sine qua non* for a successful collective bargaining strategy. In addition, they said unions need to maintain a high degree of unity and disciplined militancy among workers during industrial action.

We trust that you, the reader, will find this report useful and relevant not just for purposes of negotiation, but also in understanding the importance of collective bargaining as perhaps the only real instrument in the hands of workers against the economic might of the employer.

The list of participants at the workshop is annexed in the next section and after that, we have included the full transcript of the discussions.

By Simon Kimani Ndungu

10 July 2008

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### 3. TRANSCRIPT- DAY 1

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# NALEDI

NATIONAL LABOUR & ECONOMIC DEVELOPMENT INSTITUTE

*Transcript of the -*

## COLLECTIVE BARGAINING WORKSHOP

Held at Elijah Barayi Training Centre (TBC), Johannesburg  
From 29 - 30 May 2008

**DAY ONE: 29 MAY 2008**

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## REGISTRATION

**CHAIRPERSON:** Good morning, comrades. Comrades, we should start now. My name is Mr Mohau Bodibe, I'm the national organiser of SADNU, I've been requested by NALEDI to manage the morning session and here we start.

We are almost behind schedule by 20 minutes and for logistics we have got our mic system, we'll have a mic roaming around, if you have to speak, please use the mic so that we record all the proceedings of this workshop.

Without any further waste of time, we're sure that everybody has registered by now and

we are on the second item, opening and welcome by Cde Frans Baleni, National Union of Mineworkers General Secretary and NALEDI Board member.

Over to you, comrade.

**(i). OPENING AND WELCOME**

**Mr Frans Baleni, NUM GS & NALEDI Board Member**

Good morning, comrades, *goeie môre, avuxeni*. Well thanks, Cde Oupa and the leadership here. I was informed by the office because I have an interest here that Elijah Barayi, now they keep on saying, no, no, wait, they have not arrived. So I only came when I was told, now it seems as the numbers are fine and only to realise that I'm being misinformed. Thanks.

I was requested to make quick opening remarks around collective bargaining. Now this is a very, very important arena in terms of taking on work and I must say especially with these current economic challenges, it is indeed a serious matter. I've been showing a number of comrades that since last week I have become a multimillionaire and they have not sort of understood and I showed them my note, it is \$250 million and indeed I am a multimillionaire because I've got it. And until one comrade came closer, had a look and realised that it's from Zim and he said, no, no, you are a very poor multimillionaire.

So I'm saying in the current economic challenges, collective bargaining becomes very, very important. I want to start, comrades, with an item to do my illustrations because we also used to do that. In terms of collective bargaining, we have this part of a problem. If you look at - on one hand, you've got objectives and the means and the outlook. Now naturally, in terms of these areas you've got employers, you've got labour. Now the objectives of employers is to maximise profit.

On one hand we are looking for a living wage and here it's to cut costs all the time. We are reporting in our Central Committee that, looking at the mining industry, if you look at the revenue vis-à-vis the labour cost, there's actually a decline. So they look at all times how to cut costs, we want improvement all the time and the outlook right of control we want to influence.

So you will see, given this part, we have a permanent conflict in our relations because

they would all the time want to maximise profit, that means cut costs and the right to control. These are reasons to have a permanent conflict in our relationship and therefore in the nature of trade unions as a reformist, we would want to come and say can we get 5%, 10% and the following year again and so on. So the nature of trade unionism is that we have to all the time improve or want to improve our conditions of service.

I want to read here an area in terms of the working class as the reason for collective bargaining and how is it defined. The working class is a complex social phenomenon, it works for wages, it has different levels of status and authority, it belongs to different social groupings. The markets, the markets would subject workers to compete with each other for jobs and allow employers to pick and choose. Now, given the nature of the working class, it is complex in its nature, it creates equality bargaining very, very complex. It has different social status.

There are those who are called white collar workers, blue collar workers, you might say engineers and artisans, who don't regard themselves, they are bargaining. They would want to group themselves that our bargaining is not equal to the blue collar workers, we are slightly better. There's that grouping which a driver of Mercedes Benz, they see them differently. I've seen recently now a new grouping, bikes, *dakis* with these big bikes and so on, it's another grouping. On Sundays you will see them, *befolile* from Soweto and all those things. These are all working class, they earn a living, they don't own a factory or mining. So, collective bargaining becomes complex because of this phenomenon of a working class which is not a homogenous group.

I want to conclude in these opening remarks by highlighting very, very important areas insofar as ensuring that collective bargaining is entrenched, collective bargaining becomes smarter. Days are gone when we would go and argue with the employer we want, we demand this, finish and *klaar*, no explanation required. Cde Cyril always used to make an example, Cde Oupa, about a shop steward at NUM who was very, very good in getting a dismissed worker reinstated and some of them decided to go, how does this comrade do it? And he would go in a hearing and he would say, no, no, no, Mr Cloete,

let's negotiate, let's negotiate, no, no, no, let's negotiate, let's negotiate. And he will start and end by saying let's negotiate, let's negotiate. And then the bosses will be irritated and just reinstate this worker without any reasoning because he was a sort of irritation, let's negotiate, let's negotiate.

Now you can't now go and try to say let's negotiate, let's negotiate, let's negotiate and you think that you will get a salary increase. It means now we must be able to do our own analysis, we must be able to say upfront what are the challenges, what are the possibilities, what is not possible? One of the weaknesses in collective bargaining is to raise the bar too high. I said in one seminar about the public service strike, one of the senior leaders in the Public Service Union said we will strike until we get - was it 20%? 12%, until we get 12%, no matter what.

Now once you say that and you are the one who must come back and say you know, comrade, they have made a concession, you know can we - they are not going to listen to you because you said until this happens. So it's important in collective bargaining that how we raise the bar should be in such a way that you are able to come back because it's common cause, collective bargaining is about compromises.

It's also important, comrades, about explicit needs in collective bargaining. What are the needs of these members? So then we don't miss one another. And members of NUM, I was told in the Central Committee, said they don't want any percentage anymore now, they want a Rand increase. Now we do we understand this explicit need because there can be confusion if we don't understand it. How do we manage these perceptions? I went to negotiate in Impala three years ago, workers had to pay for their protective clothing, in other words your overall, gumboots, they had to pay.

And we sort of put this demand without really getting from the workers and we said we want these workers to get these overalls without paying because it protects them and all those things and the employer agreed. There was no excitement as we were reporting in the meeting, there was no excitement because the workers actually were selling, they

would find a way as they were - the company would deduct from their salary. Now the one who still has cash would actually say to this one, you can get your overall and then I get cash. We removed that source of earning. So it's important that we understand and manage perceptions.

The third point I want to raise, the fourth point I want to raise is member segmentation. Now we must be able to understand in terms of different needs of our members. For example. there are members who would say we want an inclusive package. we are well read about the economy, let's get everything in one pack, benefits, medical aid and so on. There are those who say I can't manage this, it must be separated, pension must go that side, medical aid and so on and then I must just get a salary now. So are we able to do those segmentations?

Now for example, in the mining industry and construction, there's an issue of women coming on board. A few years ago, I will keep on making this example, a few years ago we got excited and settled a wage agreement and then they agreed a long time ago, six months maternity leave. And it was a huge victory, we only discovered that there were no women at that age who would need really maternity leave because all of them were above 50. So nobody will benefit from that kind of thing.

The last viewpoint is that to make collective bargaining very, very effective, we need to ensure how do we attract and retain members. Because remember it's an ongoing thing, we need to find a way how do we attract and retain members. I always make this example that you can, Chiefs, Pirates and Sundowns, those Kaiser Chiefs fans they will always be loyal to it. I'm just making an example because it's a good team. They will always be loyal to it.

And the last point is measuring success in terms of collective bargaining. Are we able to do analysis and say what is that we have achieved which improves the lives of our members? Because some of the things, if we don't measure success it is easy for members to take it for granted, as if, hey, this manager, it has changed all of sudden, he's so good

that we get all these things and not knowing that it's an effort of the collective.

I apologise if I might have taken more time, I thank you very much. Thank you.

**CHAIRPERSON:** So let's negotiate, let's negotiate. You see, these are the tactics of collective bargaining. You scare your opponent, the tactics that we used last night in the collective bargaining in Health was to stage a walkout. It's a very serious thing because we want to scare the employer to come to the party but then the question is, will they be scared by our walkout or are we going to maybe request them to call us back to the chamber?

You see, the benefits that do not exist, I think that's a message to negotiators that before you go to negotiations you must do a thorough research as to whether, if you say you want six months leave, will those women there qualify for what you are negotiating? Because the employer will actually push you for that, to agree as if you are settling something good for the workers. So therefore also obtaining the objective mandate from your constituents is very important. So you don't take it for granted that I'm the chief negotiator and I know better than those workers down there. Consult them, they must assist you to build a very good tactical strategy to win what you are going to the negotiations for.

Now having said that, I'm going to introduce my brother from another mother or he's the brother of the same blood, I'm not sure, but he knows our parents might actually tell us what has happened. Cde Oupa Bodibe, Director of NALEDI, is going to present "The Economy and Employment" for us for the next hour. Maybe he shall work out to minus the 15 minutes that we have wasted, how he's going to do that, let's give him the hand of applause.

Now there's another tactic again, if you saw Cde Baleni, he found me sitting and he wanted to greet me and that's how you actually assess your opponent. When you start negotiating, you check whether he's arrogant, if he's going to extend a hand to you, you

start having tea in the morning and you make jokes there. That's how you bring him to the party so that he comes closer to you, so that when you hit him, he might think that you are still his brother when you are actually aiming very high.

So, the comrade is asking me to go back to registration whilst he's sorting out the technology, to start introducing ourselves so that we must feel welcomed, after the welcoming and opening by the comrade. I have already started, I'm Mohau Bodibe, National Organiser of SADNU. I'm not sure whether I must start from the left or from the right, the mic is on.

- Vusi Mabizela, I'm the National Organiser of NEHAWU
- Gugu Ngwbo, National Negotiator, NEHAWU
- Rachel Mphaga from SADNU
- Beverley Wilcox from PAWUSA
- Craig Appels, Chief Negotiator of PAWUSA
- Comfort Duma, SASBO
- Mayan Soobramoney, SASBO
- Dladla, POPCRU
- Knowledge Mafani, POPCRU
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- Pule Ndala, POPCRU
- Selina from POPCRU
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- Simon Modini, POPCRU
- Joyce Kungwane, POPCRU
- Rose Mcopela, National Organiser, NALEDI
- Maria Ngomani, NALEDI
- Prudence Monnakgotla, Administrator from NALEDI
- Nelisiwe Zondi, NALEDI

- Lucky Mosiane, NALEDI
- Tiny Thompson, NALEDI
- Tebatso Mokoena, NUM
- Lydia Mokwela, NUM
- Frans Baleni, NALEDI
- Oupa Stofume, NUMSA
- Deirdre Davids, DENOSA
- Sithembiso Zondi, NALEDI
- Bethuel Maserumule, FES
- Nokwanua Komani, SATAWU, Western Cape
- Xoliswa Jeke, SATAWU, Eastern Cape
- Ntokozo Nzuza, SAMWU
- Thembi Gumbi, SAMA
- Bafana Nrerwe, NUMSA
- Kimani Ndungu, NALEDI.

## SESSION 1: THE ECONOMY

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CHAIRPERSON: MR MOHAU BODIBE

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### **(ii). THE ECONOMY & EMPLOYMENT** **Mr Oupa Bodibe, Director, NALEDI**

Good morning, comrades, we welcome the mass delegation from POPCRU and all of you here. What I'm going to do, the slides are not in your package but the actual text is in the report. So it's basically trying to summarise the slides that are in your report. I want to look at three things, looking at the economic performance and looking at inflation and how it affects workers. And then lastly, I want to raise some broad questions about economic structure and what are the implications for bargaining and for labour more broadly, going forward.

Now, what this graph shows you is economic growth from 2003 up to 2007. I'll talk just now about the recent growth figures that were released yesterday. And why 2003? It's because as you can see, comrades, from 2003 the economy has been growing much faster than at any other period in our history. The last time the economy experienced this level of growth was in the 1960s but at no other period did you have this uninterrupted growth and the economy has been growing on average about 4%. So 2003 has been a year in which the economy suddenly picked up the momentum.

If you're looking at the period before 2003, the economy was growing at on average around 2% and therefore you can see, comrades, that the economy has been growing quite faster, reaching even 5% in 2006. And I'll come back to the point that I'm about to talk about now, which is the economy is beginning to slow down and I'll explain why it is

beginning to slow down. So if you can look at it, in 2003 the rate of growth was around 3%, shooting up to about 4.9% in 2001 and has been staying around 5% and is now below 5% at the end of last year.

And the reason for why we have growth is high demand, both by the government, we know that since 2000, government has been increasing expenditure in real terms, whereas during the period 1996 to 2000, expenditure in real terms has been cut. By real terms, I mean, when you take into account inflation, the government total expenditure has been going down. And therefore we've seen that there has been a high demand in the economy but it's highly skewed, it's demand mostly by the rich, okay, when we're looking at consumers, the rich demanding durables. But of course all of us have been spending a lot of money since 2003 and that's why the economy sort of increased.

And one thing that has made it possible for expenditure to grow in the economy was the drop in nominal interest rates, by that I mean the actual interest rates coming down during that period. It has begun to go up. So when interest rates are low, we know that it's cheaper to borrow and therefore we all went to the banks to borrow or either used our credit cards and so forth and so forth to spend.

The next factor that has led to growth was rising investment, both by the public sector and the private sector in response to this growth. And public sector growth actually has been the biggest increase in investment and it's investment in the ports, the railways and in electricity. But in many respects, comrades, here we are playing catch up because from the 1970s the economy or the government has not been investing in public infrastructure. And therefore we have ageing infrastructure that has not been well maintained but at the same time the economy is growing at a faster rate and we need this infrastructure, which however is beginning to prove a bottleneck to growth. Because if you are to export your goods, the roads must be perfect, the rails must be in working order and so forth.

But overall, investment as a percentage of GDP is still much lower than the rate required for faster growth. It is estimated that an economy to sustain growth rates above 6%, it

needs investments of about 25% of GDP, we are only at 18%, which is quite an improvement. Because remember in the 1990s, we used to say capital is on an investment strike because by then investments were 15% of GDP. So there's a slight improvement in investment but again it's investment in what? That we must ask the question. And is it investment that it is leading to absorption of labour or is it investment that is just increasing capital intensity, which means using more machinery? And you can see in certain sectors that we are heavily reliant on machinery and I'll come back to this question.

The third point is the commodity price boom, by commodities, I mean, particularly gold and platinum. The prices of gold and platinum have been going up consistently but now I think they are beginning, especially gold is beginning to slow down, it's now below 1 000, whereas it reached a peak of about R1 200 per ounce. And what's driving this gold boom or this commodity price boom? It's two things. The demand from India and China, because China is experiencing growth rates of about 8% per annum, upwards of even 10% and it needs steel, it needs gold, it needs platinum, India as well. So India and China are experiencing their industrialisation process and for that they require a lot of materials and that's the one reason why commodity prices are going up.

But the second reason is speculation and by speculation I mean the following. International investors have been looking at other sectors and they realised that they are not making a lot of money and that those sectors are very volatile. And therefore they are shifting their investments to commodities like gold and diamonds and platinum because of the high increase in prices. And therefore they realised that they can make a quick buck by shifting investment to those commodities.

But with this, comrades, comes a price. We suffer from what you call a Dutch Disease. What is the Dutch Disease? It's a phenomenon where for example - it's named after what happened in The Netherlands in the 1960s. In The Netherlands once they discovered natural gas in the 1960s, there was an inflow of investment into that sector but that investment actually led to their currency gaining value. So it was appreciating and when

your currency appreciates, it means your exports become very expensive. So we have, on the one hand, a sector that is growing but it is affecting your exports and that's what is happening in South Africa. So you can see that the Rand actually was strengthening quite a bit since 2003 and when that happened, our exports became uncompetitive and therefore manufacturing sector performance has been quite sluggish and that is the effect of what you call the Dutch Disease.

And most mineral exporting countries suffer from this phenomenon, where because of the rising commodity prices then they attract investment but which makes their currency to appreciate and makes their exports very uncompetitive. But the question we must pose is this. Is this commodity boom sustainable, is it a short-term thing or is it a long run thing? Many economists argue that commodity prices show long-term decline but they can also be cyclical in the sense that during particular periods they rise very high.

For example, the last time we had a very high gold price was in 1980 and during that time, what the apartheid government did was to use that money to build more universities for whites, was to build up its military capability. And they thought that that gold boom was going to last and when the gold price plummeted by mid-1985 they faced a financial and economic crisis. They could no longer sustain the kind of expenditure that they had embarked on and they had to go and borrow. And I think that's when the sanctions hit hard, when the borrowers said we want our money, we are no longer going to give you more money and that's when the crunch for the apartheid government came in.

And now the Treasury is arguing, the South African Treasury now, that this gold boom, this commodity boom is not a long-term thing, it's a short-term thing and as a result we must prepare for worst days to come. That's why they are planning for a surplus now instead of spending the money that they are getting because they argue that this commodity boom is not going to last for ever. We can have a debate about that but that's what is informing Treasury's decision to plan for a surplus rather than for a deficit.

Now this table shows you the quarterly economic statistics for 2007, which begins to

show you that, comrades, the economy is slowing down. If you're looking at the first quarter the economy was at 6% but by the fourth quarter of last year it was just around 4.3%. And the figures for the first quarter of 2008 are out and the economy has slowed down markedly, it's about 2%, so which means - I'm sorry, comrades, I don't have a pointer. It will be somewhere around here. So if we are to plot a graph there, then economic growth will be around here for the first quarter of 2008. So we can see that the economy is slowing down.

Why is the economy slowing down? First is global economic demand. Although the demand from China and India is still high, the global economy is slowing down and part of why it's slowing down is because of the financial crisis in the United States, what they call sub-prime market crisis. What that means is that banks in the United States went on a borrowing, they borrowed, a lot of people who couldn't afford it and now those people are defaulting, they are not able to pay.

So which means banks made bad decisions about who to borrow but we are suffering from that because now the banks are collapsing, some of them were threatened with closure. And the irony is that when those banks, they made the decisions and if they have to suffer the losses, they are being bailed out by the US Government but workers are not being bailed out. And so it's the same thing that happened in 1997, where you had these people who invested in a very risky fashion and when the economy turned around they were likely to fail. And so we saw that the long-term capital was given a bail out of about \$230 billion to keep it afloat, even though they made the poor decision.

And this is hypocrisy of the international economy. When poor countries default on their debts, they are being forced to pay through structural adjustment. There's no argument that says you banks made the bad decision, suffer the losses. But when the banks are about to collapse they are being saved. So that's the ignominy of the global economic system.

The second thing, comrades, is the interest rates. We know that interest rates have been

increased and I think the rate at which the Reserve Bank borrows to banks has been increased and it's around 13.5% now and the prime rate it's about 16%, if I'm not mistaken. So the rate at which we borrow has gone up. And what's the reason for why the bank is increasing interest rates? It's because the bank seeks to control the supply of money because it feels that that over supply of money is going to increase inflation. And in order to control inflation, then they raise interest rates so that the amount of credit available in the economy is slowed down.

Do comrades understand what I'm talking about or do you want me to demonstrate, should I demonstrate, comrades? No, okay. So that we don't assume that everybody is on par. Remember, comrades, the Reserve Bank controls the supply of money and when we're talking about money in this sense, we're talking about coins and notes. We're also talking about demand deposits, which means your money in the bank. If you go and demand it, the bank must pay you and then we're also talking about credit. All of these things combined is supply of money.

Now here is how the Reserve Bank controls the money supply. Let's suppose you are a client of a bank, you deposit money in the bank of about R1 000, when you do this you're actually borrowing the bank money, so technically it's no longer your money. But if you want your money, the bank must be able to pay you back and that's why the Reserve Bank also says to the bank you must put a portion of your money with us so that when you fail, we're able to give you that money so that we can give the depositors their money. So that's called a reserve requirement.

So let's say a reserve requirement here is 10%, so that's about R100 that's in the SARB, the South African Reserve Bank. So we'll call this bank A, so bank A in its books owes you R1 000, in the books of the Reserve Bank it's been credited R100. Now this bank does not keep the money in there, it borrows it. So it has R900 to borrow, so there is R900 and then Mohau goes to the bank to borrow money at whatever interest rate, so that's about, so that is R900 is borrowed to Mohau. Now how much money is in circulation in this economy? It's about R1 900. Why? Because you have the R1 000 that

is a demand deposit that the bank owes you and the bank has borrowed this person R900, which he's going to pay with interest. So we said at this point it was about 10%.

Now if the Reserve Bank is worried that there's too much money circulating in this economy, it would increase this requirement or the rate at which it borrows to banks. So if it increases to 20%, for example, then now we have, this person has about R200 in the bank, there's only now R800 to borrow, so money supply has dropped, it's now R1 800. You see that, comrades? So which means that the Reserve Bank has reduced money supply in the economy, the idea being that if it reduces money supply in the economy it is reducing demand.

But inflation targeting is a problem in the following sense. It assumes that demand is rising because only of credit, or inflation is rising because there's excess demand in the economy and in reality we know it's not because of that. It's because of food prices and oil prices. And the interest rates are not dealing directly with food prices and oil prices, we are not in control of those factors and that's why this inflation targeting policy is wrong.

But the minute you increase interest rates, you are increasing the cost of borrowing for both capital and for consumers and as a result capital will not invest more, so growth slows down. That's why growth has slowed down and it is slowing down also because, some people would argue it was because of the load shedding. But I will argue that in addition to that, it's the impact of the high interest rate.

But the other problem is this, comrades. When we go to buy the goods and services because of high - when we demand these goods and services, if they are not produced locally we have to import them. And when we import more than we export, then we have a current account deficit and the current account deficit at the moment stands at around 8% of GDP, which means we are exporting more of our savings to other countries. And that's why as a result, comrades, this is an issue of concern. We either have to increase our exports but we can't because the Rand is quite high and we can't depend on local

production because when we liberalised trade we destroyed our manufacturing capacity. So we don't have manufacturing capacity and we have to rely on imports. So that's the story of our economy at the present moment.

What this shows which is quite unclear, is what is the sectoral contribution of each sector to growth or to value added? And you can see that most sectors have been declining except for construction, trade and finance. Those are the sectors that have been growing positively for the fourth quarter of last year. What this shows is demand by households, so what you spend. And you can see that everything except durable goods is going down, semi-durable goods has been going down, non-durable goods has been going down, services and so forth. So demand by households has been dropping and again it's the impact of the interest rates, we can no longer go and do hire purchases and so forth. So what this means is that we are seeing that the retail sector and the financial sector, which has been driving growth, are beginning to slow down because of the household demand going down.

So that's overall the issue of growth. But let's be clear about the following thing, comrades. If you're looking at the structural composition of our growth, 67% comes from the services sector, manufacturing has been slow, mining and agriculture have been declining for the last 20 years and you see it just in terms of output and also employment. But let's be clear about the two sectors. If you're looking at mining, the sector that has been constantly in decline is gold, platinum is rising, coal a bit flat. But the increase in platinum is not high enough to offset for the decline in gold.

In agriculture, if you're looking at the sub-sectors of agriculture you'll find that the wine industry has been growing quite phenomenally and the cut flowers industry has been growing quite phenomenally. Why? Because they were able to capture export markets. Whereas if you're looking at dairy and crops, those sectors have either been flat or been declining and as a result you'll find that the sectors that historically used to provide low skill employment have actually been shutting down or shedding employment.

And this is the story with employment, this graph actually gives you both formal and informal sector, so total employment has been increasing since 2001. We have now about 300 000 more jobs than we had in 2001, so that's what that graph tells you, that employment has been increasing.

But let me also make a note, when we're talking about employment in terms of how employment is measured by Statistics South Africa, we're including car guarding, we're including beggars, that's who we call employed, okay. So the definition of employment is not as per the basic conditions of employment, which is 20 hours continuous and so forth. So the rigour of defining who is employed is quite shallow, because we include those kind of jobs. So when we say employment has increased, we include those, but the fastest growing job in this economy is hairdressing and maybe ladies must tell us why is that. That's the fastest growing job in this economy, personal care type jobs.

Now if you're looking at employment by sector, the stories that I've been telling you, comrades, mining and agriculture have lost jobs, combined it's about 600 000 jobs lost since 2001. The sectors that have been growing substantially are community service, wholesale and retail, slightly manufacturing, so which means that we are growing jobs in sectors that depend on other things for growth. So when you take retail and wholesale, if consumer demand drops, employment will drop and therefore we cannot rely on retail to drive employment growth.

The sector that is supposed to be dynamically driving growth is not growing and that is manufacturing, it's actually in flight and in decline. And manufacturing is quite important because in some of the manufacturing sub-sectors, all you need at least is an ability to read and write, you don't need so much of the skills. So it's important in terms of low-skilled employment but manufacturing has been going down. So that's the structure of employment by sector.

Now, here what we show is the informal and formal sector jobs. I think that's not much clear, but what that shows, again this is important that we understand a particular caveat,

I'll come back to that just now. But what it shows is that most of our jobs are in the formal sector, so South Africa has a very low informal sector by international comparison. In India most of the economic activity, 95% is in the informal sector. In West Africa, the average is 85% of all the economic activities takes place in the informal sector. So you buy your furniture, clothes and everything on the street, whereas in South Africa we've got a highly formalised sector.

But how did this happen historically? It's because black people were forced off the land, first and foremost. Secondly, we know that apartheid restricted business opportunities and self-employment by African people, so that we can always be available for work. So that's the main reason why we have such a low informal sector and what this means comrades, that even when you get retrenched, your opportunities to be employed in the informal sector are very small. Otherwise what you have is, the bulk of informal activities are survivalist activities and Kimani is going to show that many people in the informal sector actually report no income. So, which means that the informal sector is a sector that cannot absorb the unemployed. So when you lose your job, the potential is that you fall through the cracks.

But the caveat I want to point out is the following. How do we define the informal sector? In terms of the labour force survey, they only define the informal sector by whether the company is registered and they ask the workers, the company you work in, is it registered? How would you know, as a worker because, suppose you're working in some industrial park in a township, you see that you're using machinery, so you're using quite sophisticated tools, you'd assume that that company is registered. So that's the first thing. So they define the informal sector just in terms of whether the employer is registered but we know two things, sub-contracting is not covered by the definition of informal sector.

Two, we know that a number of workers do not pay tax, I can't remember what's the threshold in terms of the definition by SARS. Every year the Finance Ministry defines a threshold of where people will not pay tax, and therefore, if you count those things, the structure of your informal sector will change. But again, when we're talking about

informalisation, we're talking also about not just company registration, we're also talking about labour relations or employment relations. And we see, comrades that, on the one hand you've got permanent workers, on the other hand you've got casuals, fixed-term contractors, seasonal workers, as well as sub-contracted workers and when you break down the informal sector by that definition, it becomes quite high. So that's the caveat that you must take into account when you're looking at formal and informal sector jobs.

If we're looking at unemployment, there are two ways we define unemployment. The first one is the official definition, by official definition, is meant the following. When the people from the Statistics South Africa, who conduct these things every six months, come and ask you a question, are you unemployed? You say, yes. Did you look for a job in the last seven days? You say, yes. Then you are unemployed. If they ask you a question do you have a job? You say, no. Have you searched for employment in the last seven days? You say, no. Then they call you discouraged, you're not unemployed by the official definition. You are discouraged.

So what this thing shows you, comrades, is both the official and the expanded definition. The graph - below what we show is the formal official unemployment and official unemployment was 16% in 1994. It rose to 32% by 2000, so you see it doubled by 2000. Because, why? We're liberalising the economy and the economy was shedding employment. But since then, it has been coming down, so it has come down from about 32% to around 25%, that's the official unemployment.

But if you're looking at the expanded definition, by the expanded definition we include the discouraged workers, those that are so-called discouraged. Unemployment is around 42%, in round figures it's the following. If you're using the official definition, it's 4 million unemployed people. If you're using the expanded definition, it's 8 million unemployed people. And now you ask yourself, what do those 8 million unemployed people do on a daily basis? And worse, comrades, the average unemployed person has been unemployed since the age of 16 and those are 35, you're looking at people who are 35 and they've never held a job before. So that's the nature of the unemployment.

So our unemployment therefore, comrades, by definition is structural in nature which means the economy is not creating enough job opportunities, but more people are in long-term unemployment. Because the official definition, there's a built-in assumption in the official definition of unemployment, that you are temporarily unemployed. You will, somehow when the economy turns, you will be reabsorbed in employment. But the nature of our unemployment is that many people, once they're unemployed, they stay unemployed.

If you're looking at it by race, comrades, the unemployed are mostly African women or Africans in general, but particularly African women. So African women constitute the bulk of the unemployed. If you're looking at unemployment for the other races, it's below 20%, for whites it's even below 5%. But if you're looking at unemployed in gender terms, there's more women who are unemployed than men. So that's the structure for unemployment by race and gender, so more women are unemployed, but mostly African women are unemployed.

If you're looking at it by age, you can see those two red graphs or bars, what they show you is that the bulk of our unemployed are between the ages of 15 to 34. So 75% of the employed are under the age of 35. 50% are under the age of 25, so which means we have quite a substantial problem of youth unemployment and what this means is that most school leavers are not getting employed and they stay unemployed up to the age of 35. And they say it's a conundrum here, comrades, or a dilemma. If you exit school, say you have matric, the opportunities of proceeding with your education are quite limited because higher education is expensive. And therefore, when we have - the kinds of jobs we have, require some level of skill and that means the employers are not able to absorb those people.

But because the structure of our employment is that we are creating jobs in the financial and services sector that demand a lot of skill, so the economy is structured in a way that it does not absorb the unemployed. And that's the reason why, for an example, this

international panel of economic advisors that have been advising Treasury say to encourage absorption of the 18 year olds, perhaps what you should do is to give a wage subsidy, but also secondly to say that those workers should not be protected by labour law. So which means you'll have an 18 year old coming in, the employer gets a subsidy from the state, but that worker has no protection, so the employer can fire at will. So that's the suggestion and they seem to think that will be the way in which the economy can absorb workers.

They don't realise that is going to have a destabilising effect in the labour market, because if I'm an employer, I realise that I have a labour force that is subsidised, that is not protected by labour law, why should I keep the older ones. So the displacement effect is something that they don't take into account. But we can talk, what other measures to encourage youth employment, including access to skills and access to artisan training and so forth?

The learnerships, comrades, are not increasing as much as we'd like them to. Because remember, learnerships are supposed to be on-the-job training and as a result, we have this dilemma as a society of how to create employment for young people. And it is in that context that the growth of the manufacturing sector is quite important because manufacturing, aspects of manufacturing don't require that much of skill. It's routine and require ability to read and write.

But also what - the second implication of this is that we have what you would call a queuing effect in the economy. What that means, comrades, is that younger workers are waiting for older workers to exit employment in order to get employment. So which means the following, comrades, you hear stories that affirmative action is displacing white people, that is not true. The reality is that what has happened is that the old boys' network or the old ways of absorbing white workers in the economy have been removed.

Remember, comrades, if you were a white worker under apartheid, certain jobs were reserved. Two, you had access to artisan training in the public sector and those things

have gone. So all the people now have to compete in the labour market for scarce jobs. And if you're looking at employment by race, you'll realise that most of the senior jobs are occupied by white males. So, affirmative action is not really benefiting those at the bottom end, black workers at the bottom end of the employment ladder and those who are unemployed. Another issue that I think we need to think about, when you think about our equity strategies.

This chart basically compares South Africa with other countries at the level of development and it just shows that South Africa has the biggest unemployment rate, at 25%. In the United States, 8% unemployment rate is a crisis, they can tolerate unemployment up to 6%. It rises above 8%, that's a national crisis. And, therefore, it means that for many of these countries, we've never had full employment. We've never had a situation where the majority of those who are able to work, are employed. In South Africa, those who are employed constitute 40% of our labour force, so which means one in four is employed and the rest are not employed. So we are wasting our human resources. 60% of those who are able and willing to work, don't find employment. I've been told to rush, comrades.

Now I want to look at prices, and the one thing that I'm not going to look at is producer prices, so I'm going to look at consumer prices. We've got two ways of measuring inflation in South Africa. The first one is consumer price index, which measures the prices of goods, services and also includes the impact of interest rates. So that's the difference.

The CPIX excludes interest rates. The CPI includes interest rates and you can see what has been happening since 1999, which is when we introduced inflation targeting. The country was successful in reducing inflation overall, and you can see that we've reduced consumer price index, it even went down faster than the CPIX. But the CPI is now outstripping CPIX, the reason being because of increases in interest rates. You can see from round about 2007, CPI is growing faster than CPIX and the reason being the interest rates hike.

And at this stage, I think the latest figures for 2008, comrades, are for April, inflation is averaging 10.4% if measured by CPIX and 11% if measured by CPI. So what's driving these increases in prices? I said first, it's food prices and in particular, food prices we'll come back to the indexes for food. It's food prices and oil, as I've already said that. We know that the international price of oil has reached about 130 per barrel on the spot market. By spot it means if you were to buy oil today per barrel, you'll pay that price.

But at the same time, comrades, let's be clear about the South African fuel economy. We depend on Sasol for 47% of our fuel or petrol and Sasol does not use oil as its input in petrol, it uses coal. So they convert coal into oil, sorry, into petrol. But because of the way the government has structured the fuel price, we're paying Sasol much higher than we would pay if we were not paying the import parity pricing. So we're paying Sasol price in Gauteng here which is about 47 kilometres or so from Sasol, or 70 if I'm not mistaken, we're paying Sasol as if Sasol is using oil and it's importing oil.

So that's the problem with the structure of oil, the fuel price and we're still continuing as if Sasol is a national utility and it's not, it's a private company. So what we're doing, we are ensuring profit for a private company in terms of the way our fuel price is structured. Remember, there's a fuel levy and then they put in a notional transport cost as if you had imported the petrol, so that's the problem with what we're paying for fuel.

Cde Kimani is going to talk a lot about this but what this means it's comparing CPIX to wage settlements last year. So overall, comrades, that this means that the wages that workers get are far below inflation. Basically we are keeping - we are not just keeping the head above the water, it's basically keeping the nose above the water. Because in real terms, the buying power of the wages that workers earn has been declining and that has been a trend for the last 15 years since 1994. So real wages have not been increasing.

This table also shows you the inflation by level of income, so when you hear that overall inflation is 10.4%, you then want to ask, what does it mean for those who earn lower and

those who earn higher. This table breaks it down and what you can see is that between 2006 and 2007, for the very low income earners, they're facing an inflation rate of 10.4% and for the very high income earners, it was about 7%. Why is that? It's because the poor spend more on food than the rich, as a proportion of income and when your food prices go up faster, it means you face a higher inflation rate.

If you break down food, you'll see that the biggest increases in food are grain products, so it's wheat and maize have increased by 17%, milk, cheese and eggs by 19%. And you pay even more for vegetable oils and vegetables you even pay much higher, which means even what the Minister of Health is promoting is quite difficult to achieve. So your beetroot has gone up much faster than any other thing. Okay, I'll skip this slide and do conclusions, before Cde Mohau calls me to order.

To conclude, comrades, you can see that for last five years, the economy has been growing faster than at any other period, but the economy is beginning slow down. And it is now questionable whether the growth rates that are estimated in ASGISA will be attained. But secondly, the growth rate is not labour absorbing, which means we're having growth but we're not having substantial employment creation. During this whole period, we've only managed to increase net jobs by 300 000 and we have about 4 million unemployed people. If we are to meet the ASGISA target which is in the next five years or six years, we need to grow jobs per annum at half a million at least, if we are to halve unemployment. We need to be creating jobs per annum at 500 000.

Secondly, there's a debate that South Africa is becoming a service economy, I argue that is not the case. Of course, services contribute much higher than the other sectors like manufacturing and primary industry. For two reasons I will argue we are not a service economy. You know, when people talk about a service economy, they are talking about situations where for an example, in Europe, companies are no longer manufacturing, they're concentrating on design and marketing, and production happens elsewhere.

For example, if you asked the question, what does Nike produce, your immediate answer

is that Nike produces sportswear, but Nike doesn't produce a single sportswear, all Nike does is to design and outsource the production to suppliers in China, Vietnam, Thailand and so forth. So Nike doesn't actually produce any shoe or any of those clothing, but then once it has outsourced the manufacturing of those attire, apparel, then it markets the apparel. South Africa, we're not doing that, comrades.

Let's look at the thing that is called services, because services include banking, on the one hand, but also include security industry and contract cleaning. So the growth in services is because of outsourcing from the manufacturing sector in the following way. If you are a security guard or a cleaner and then you are employed directly by a company in manufacturing, you'll be counted in manufacturing as a manufacturing worker. But if your company outsources to some other person, then those people are counted in services. So that's the second reason. The nature of those services are low skilled, low-tech skills, so we are not concentrating on the knowledge higher end of the services. Even where there's business processing outsourcing, it's really what you call, Call Centres, Back Office.

And those of course, they can be medium technology, but they are highly unskilled jobs or not highly skilled jobs, if you're working in a Call Centre. Kimani is doing a study on that and they show that the jobs are highly routinised, there's no initiative required, highly computerised and so forth, so that's the reason. The third reason is because, comrades, with liberalisation, we've opened up our manufacturing sector and as a result, we can't compete with products that are coming from elsewhere. You can see it in agriculture, many farmers are being squeezed, especially in the dairy farming and they have decided to quit dairy farming because they cannot compete with imported, subsidised dairy from Europe. And as a result, you also find there are take-overs of South African producers by European producers. That's how Parmalat came into this economy.

So thirdly, if you're looking at the structure of our exports, we are still a mineral export country, 30% of our exports are from mining, so we are not exporting services. We may have diversified our exports, especially by including chemicals and motor cars, but

mostly we're exporting minerals, comrades, raw minerals for that matter. We are not exporting beneficiated minerals.

The last point I would like to end on is about industrial policy debate. I think, comrades, you've seen, if you had the opportunity to look at the paper by the advisors of the Treasury, they are basically saying that government must not intervene. Government must leave it to the market forces, but what government must do is to signal and to spend more time on improving the supply side and removing supply side constraints, which means providing infrastructure, providing research and development. So they're saying we shouldn't even try to select sectors to support those sectors. They're even saying that the MIDP must be restructured, which was the motor industrial plan.

So basically they are arguing that we should just do what we've been doing, which is nothing, hope that the market will drive industrialisation. And I think on the other hand you have Treasury, the Department of Trade and Industry saying we want an industrial policy, but if you're looking at the sectors that they are targeting, they are highly capital intensive sectors. And therefore we lack ideas about how to create employment in sectors that can absorb labour. Another challenge to labour, comrades, to provide and put on the table proposals on an industrial policy that can target sectors where they have the capability to provide employment and that includes manufacturing, it includes of course services and as well as the public sector. And that is the debate going forward.

But if we continue on the current trajectory, comrades, we are not going to meet the ASGISA target and you can see that if you're looking at poverty and inequality, we would actually be much worse off in later years because you're looking at inequality, it's rising and that's where the issue of collective bargaining comes into play.

If you're looking at the wages, comrades, we've not closed the apartheid wage gap, we are increasing the wages of apartheid by inflation. We've not increased them by what is required for a worker to survive in this economy. At the same time as the wages of the low income workers have been stagnant, the wages for the upper earners have been

increasing and as a result, so even that apartheid wage gap is worsening. So, if you have a situation where 65% of your work force earn R2 500 per month and at the same time you have a minority earning a lot of money, at the same time you are shedding employment, so most people are not getting employment.

So what the reality shows is that the blue collar working class have borne the pain of transformation. Because if you are an adult, about 18 years and you are unemployed, you don't get any social security, that is after you have exhausted your unemployment benefit, again depending on whether you had them in the first place. So that layer of our society is the one that is hardest hit because some other people get social grants, the middle class has got higher increases, the blue collar workers increase has stayed stagnant and they've been the hardest hit with employment.

So that's the challenge that is facing us and we hope that in this workshop we will think through what are the ways of addressing the historical apartheid wages? And if historically, we have said we want to use skills, grading and performance as ways in which we are going to improve wages for the black working class. And the question we must ask ourselves, in our bargaining strategy why is it that we're not improving substantially the wages of the black working class, the black blue collar working class? And in that sense, we still have a national question that we have to address here, that black workers in this economy are having a raw deal and that's the key question we face in this workshop. Thank you.

**CHAIRPERSON:** That was interesting listening to Oupa's presentation on the understanding of the economy and I'm sure everybody will agree with me, that the National Labour and Economic Development Institute is actually managing that very well in terms of capacitating labour. And I'm comfortable that the house is full now, so it confirms that we are really in a workshop and some comrades entered the room whilst we had already started and introduced each other. Maybe we must start there to welcome them by introducing themselves, so that we welcome everybody. The mics can just circulate.

- Portia Ehouman, from FAWU.
- Jabu, from DENOSA.
- Tafa Moya from NUM.
- Vulture Ntuluki from CW.
- Mawetu Sizatu from CW.
- Patricia Letsike from NUM.
- Lydia Mokoena from NUM.
- Sifiso Makhaye from FAWU.
- Guard Chauke from FAWU.
- Elias Kubeka, NUMSA.
- Judas Makhubedu from CEPPAWU.
- Amanda Tyatyeko from FAWU.

**CHAIRPERSON:** Ja, thanks comrades, you are welcome. Sit back and relax and let's talk the economy. The skills grading and performance is what should determine the wage disparity of apartheid, that's the closing remarks of Cde Oupa. Last night, Cde Mbeki in Japan said, Africa does not depend on aid or I don't know whether he said it should not depend on aid, but on market forces. So I'm sure Cde Oupa will unpack that statement, I couldn't understand it actually, that Mbeki is saying we shouldn't actually be borrowed money or given money or aided with the support that we need now as Africa.

The summary was the slowing down of the sectors that have been driving employment and this brings us to the xenophobic, I don't know how you call it, but there's what you call xenophobia going on. I don't know how do you define that, but last night I saw the Citizen or is it Daily Sun that said sex workers are saying now our employers are gone, they're now having a problem, because - no, it is there on the papers. You need to read these things in context, so this is the debate now that is coming into play, to say there's a slowing down of the sectors that have been driving employment. So they're gone, then people are unemployed now.

Now the industrial debate, policy debate is that the low skilled are more employed. Now what we've just signed off in the public sector is the OSD, the Occupation Specific Dispensation, which in itself says a skilled worker or a scarce skill or a specialist in the field of work is now getting more salary than his manager. And we have also seen with the tabling of the social workers' salary dispensation yesterday, that it shows even more improvement from the Nurses OSD. I'm not sure about the other sectors, but we'll talk about that on the last day's debate.

Then it is the service economy. With this conclusion or concluding topics that were presented, I think we are opening this session for discussion. We'll also include the opening remarks by Cde Frans Baleni to debate that, even though he has excused himself. But I'm sure we'll be able to integrate his presentation in relation to this one in the discussion. So we have about - all the calls that are coming in, they are enquiring about OSD and why JC walked out of the Bargaining Chamber last night. So that is another tactic but sometimes they say we talk too much to intimidate the employer in the collective bargaining, that's what JC can attest to.

And I'm sure POPCRU will also attest to that but POPCRU has actually deliberately infiltrated this workshop as a form of security. Well, I'm not sure whether it's against xenophobia or what, but - and you can see their strategic positioning, it's such that we are highly protected. So, thanks, comrades, for that security that you're providing to this workshop. The time is twenty to eleven, so it means we are left with 20 minutes for discussion before we go for tea break at eleven - oh, we can maybe extend this discussion to quarter past eleven and take our tea for 15 minutes. I think I must give that ruling because these discussions are very important in the run-up for the wage negotiations.

But my first question would be to the comrade, I'm not sure what is CPIX rate now in relation to 7.5% that we signed in the last negotiations in the public sector, maybe you should assist us whether as you say, we are running below the inflation in terms of our wages. What does that mean, should we reopen the negotiations, should we have reopened them with JC? I can see he's running away because that affects you as well. So

then, we just want to check that, because I think that's very important in terms of how we settle the agreements on wages, that if it so happens that CPIX in the process goes above what we have settled, do we open renegotiations and then work on that?

Or if it goes lower, should the employer also submit for opening of the negotiations to lower the salaries? That's my question for provoking the debates, but I think comrades have got questions to ask. So will everybody who asks questions or responds please use the mic, so that all our discussions are recorded. Thanks. It is time now to ask questions.

## **DISCUSSION**

**COMMENT:** Ja, the question that I want to pose, there was this mention about the difference in terms of CPIX for the low earners and the high earners. And I think what was the example that was used was that lower earners buy more food than higher earners. It was something like that but I'm not sure about it but I think I'll need clarity there. But the second one was, this norm that begins to say, high interest rates are there to stabilise the Rand. I'm not sure what informs that, I need clarity there. Thank you.

**COMMENT:** Thanks, Chair. I think the second clarity as well, is around the question of unemployment, whereby Cde Oupa indicated that people who are unemployed have been defined in this particular fashion. But the critical question that we are facing here is that the jobs that are being created, how do you regard those particular jobs? Because we believe from our angle that we're coming from that the sustainable jobs, those are the jobs that you can say, those are the jobs that are being created. But on a daily basis, whether on the Star every Tuesday or Thursday you'll see that so many jobs have been created. Do we regard those jobs as sustainable jobs?

And then also, when you talk about job creation, where do you make a cut-off? Do you say in two days, one day or maybe a week, then you can call that as a job creation? But from my point of view, that is not sustainable jobs that are being created.

**MR NDUNGU:** Thanks, Cde Chair. One is just a question which has bothered me for a long time because I never get the answers for it and maybe Oupa can help us on this. Tito, Cde Tito at the Reserve Bank always says I don't have any other instrument for dealing with inflation. He said it a million and one times. Well, we ourselves have been telling comrades, the unions, the athletes that we should look for alternatives. I think then Cde Oupa should help us to understand which other instruments can we use to deal with inflation because we're getting hit, Tito is coming again next month, he's already warned us. In my view, Tito is marshalling the middle class, especially the black middle class which has come up in the last maybe about ten years.

And very quickly, Cde Chair, just a comment from what Cde Frans said and that was a question of, he gave an example of the complexities of the working class. He said, it's so difficult now to undertake collective bargaining because my understanding of his own words is that the working class is no longer structured in the same way. In other words, we have a comrade who's part of the working class, who would be riding the latest, I'm not sure what makes of cars are there now, the latest car from Soweto, which is that, comrade? The BMW, no the BMW is old fashioned, probably. The Harley Davidson bike from Soweto to Dainfern, say the comrade lives in Dainfern.

But at the same time we have another comrade still part of the working class, living probably in an informal settlement, working as a security guard. So now, does this mean that in terms of our own interests as workers, we are never able to rally together the consciousness of workers? So that actually we understand that we belong to the same working class? And this is just an open question to all of us here, how do we deal with these complexities? Because then without them, we cannot be able to face the employer who in certain ways may be the owner of the means of production. Thank you very much.

**COMMENT:** Having been relying on the formal sector for job creation, you mentioned that India currently, much of the Indian economy is being moved by the informal sector. Now my question is, would it be advisable, having seen that the formal sector is not

creating enough employment, would it be advisable then to encourage the informal sector to at least create some employment?

**COMMENT:** Thanks, Chair. Chair, my question would be based on the wage increases. I want to check from Cde Oupa what would the ideal be when you compare the percentage increases versus the actual increase, Rands and cents? In order to try and address for instance the issue that you said we are currently busy increasing the apartheid wages through the percentage increase, is it an ideal situation that we abandon the percentage increase and go to the actual increase?

The second one is about the principle of across the board increase. I want to check whether it is an ideal situation that we begin to abandon the across the board principle. Rather deal with, for instance, more increase for the lower income earners than the higher income earners. That would be my two questions, Chair. Thanks.

**MR MAFANI:** Chair, mine is on the issue of petrol prices. You mentioned the fact that because of the high prices of oil, therefore prices on petrol are set at the rate where they are today. But with regard to Sasol, that is where my question is, does that mean a benefit for the workers there in terms of bargaining or is it a benefit for the employer? Where do we gauge on that issue?

**COMMENT:** My question is about the apartheid wage gap to say that how do you actually distinguish it from a wage gap that is created by skills, meaning by the people who are highly skilled and also who are actually maybe having no skills or maybe having lower skills. To say, how can you say this is apartheid, this is because of skills? Thank you.

**CHAIRPERSON:** Comrades, that is the first round of questions. We don't want to overload the respondents. We do have economists also in our midst, so it may not be left to Cde Oupa alone to respond to these questions or challenges. But before maybe we close this first round of questioning, we also have a question around the social security

grant in bailing out the working class. But the question is, how do we structure it? We know that in the era, comrades, Botswana has got a structure and a way of dealing with social security to say, is it a grant for work done or is it the work done for grant? So I think we need to debate that as well and I want your comment around that.

The second one that was not asked by the questions, the unemployment of the discouraged, those who are looking for work in relation to - I think I wanted to relate this discouraged workers with the social security grant for bailing them out. And also the nine years, you know that 9 years is an old person, it's an adult, up to 14 years in your age grouping of the employment, you only started from 15 years. But then we know that there's domestic orphanages here, children who are orphaned by HIV and AIDS and now they are actually domestic workers, even parents looking after those children with those limited grants that are provided by the state. So how do we classify those as in terms of the employment? I think that's all

**MR BODIBE:** Thanks, comrades, for your questions, I hope I'll be able to answer all of them. Cde Mohau, on the CPIX, if CPIX is 10.4% and you settle at 7%, clearly relative to inflation you are now worse off by about 3.4%. So which means your real wage is down by 3.4%. And remember, comrades, when you're looking at these figures, these are historic figures so it's the past.

And I think what we should also do, we need to focus to the future in terms of trends with inflation. And if you're looking at the trends, it's clear that inflation is just going to increase for the rest of this year. So which means progressively the wages are going to be eroded. So even the public-sector settlement, if you're just looking at the wage component only, it was just 1% above inflation last year. But it's the total package that you need to look at. But, however, in some of the agreements you do have a clause that says if inflation rises faster than the settlement, you open negotiations but also that employers also have a right to trigger negotiations, so that's the downside. And I think that's a strategic calculation that the union movement must make.

But in my view, I think the principle of a living wage is that you first start by trying to protect your living costs, your cost of living. But in addition to that, I think because we've been pushed back to the frontier of just increasing wages by the cost of living. There's the other component, what's the share of the workers in the value that they create, as a principle? And that's where issues of productivity bonuses, performance bonuses come into play, where you at least also want to get a fair share of the value that has been created. And therefore that's why for example we talk about a principle of inflation plus something as a means of protecting workers' wages. But I think that's an issue that we can talk about.

The distinction I was making between inflation for low income and for high income is that what Statistics South Africa does is also looking at inflation relative to the basket of goods facing particular income groups. So it's a well-known fact that the poor spend more on food. And if you compare the wages or the income of the poor, relative to the expenditure items, it gives you a different inflation figure.

And because of the higher food prices, inflation facing low-income earners is higher. But it's because they spend a higher proportion of their income on food, relative to the rich. It does not mean the rich don't eat but 10% of 1 000 is not the same as 10% of 10 000. So in absolute terms, it may look like it's a big figure but in proportion, it means you are spending a much bigger amount or proportion of your income on food.

Interest rate as a mechanism to stabilise the exchange rate. It can be a mechanism to stabilise the exchange rate but since Tito came into power, he said he's not going to try to control the external rate of exchange. He left that to be done by the market. The reason for this is that, remember, Chris Stals tried to protect the value of the Rand and by doing that, how was he doing that? He tried to buy Rands as the international - the private sector was selling Rands.

And that led to the Reserve Bank spending a lot of money. And that's why, for example, there was a net open book of about more or less like 90 billion that Tito, when he came in

he said, I'm not going to do that because the market will take me to the cleaners. But interest rates can affect the exchange rate. How? When interest rates are high, actually they attract hot money, they attract portfolio investments and that increases the value of the Rand. And the way in which you want to deal with that is to reduce interest rates and then you reduce speculative investment.

But with this current regime of high interest rates, we are actually attracting a lot of portfolio, short-term investment because what they see is that interest rates are going up, if I put my money in a bank or buy a particular stock, I'll be able to make more money. And that's the irony of the situation now. With high interest rates we are attracting those investment that are pushing up the value of the currency.

I agree with you, comrade, the nature of jobs that are being created are not sustainable because they are largely of a temporary nature, they don't have benefits and those workers don't enjoy even the social protections like UIF. If you're looking at construction, close to 65% of those people working in construction today are casuals or are on short-term contracts. And it's rising in other sectors. So the jobs that we've created are not full-time jobs mostly, they are part-time, seasonal, part-time in nature and they are not sustainable in the long run. So, once the economy goes down the other side, like we are seeing now that the economy is slowing down, those jobs are going to be lost, especially in retail.

Other instruments of controlling inflation. We know for example, Cde Kimani, that we've got a highly concentrated economy, not competitive. And some of the reasons why we have high inflation in food is because of the collusion and price fixing. But interest rates don't address that, they only address the money supply aspect of inflation. And the other way of controlling inflation is to increase production by other people.

So let's take food. If the government was serious about agrarian reform, it will allocate plots of land to those people who don't have land, it will support them with machinery, with equipment and with fertilisers and it will also assist them to access the market. So

you are increasing the number of producers. But when you increase the number of producers, you must also deal with the people in the high end of the chain. So for example, it's estimated even by the international panel, that South Africa has the highest margins in the world.

What that means is that retailers add more on the food prices. So as you go up the chain, the level of concentration is high. We've got four big retailers in this society who have enormous power and who can control the end price to the consumer. You see it for example with the imports. They've been able to access cheap imports and then they impose a higher margin on the prices. And the prices you pay are quite higher than the prices you would pay if you were a direct importer. So there are all those issues that needs to be addressed, that monetary policy is not addressing.

And thirdly, monetary policy at the moment is responding to external shocks and that's why we needed some kind of flexible arrangement with inflation. These are not domestic factors. Oil is not something that we control, the oil price is not something we control here. The food price, especially the price of wheat, is not something we control, it's controlled in Chicago. And therefore where we are importing inflation, so which means external inflation, the Reserve Bank should not continue to increase interest rates. But I think there is beginning to be a consensus in society that even interest rates are now no longer working.

So if he increases interest rates, you can see inflation is just continuing to go up even with the five times of increases of interest rates because it's not addressing the core causes of inflation. So it's beginning to feel like you are cutting your nose to spite your face. And if he continues on the interest rate trajectory of increasing interest rates, they are no longer helpful, they are actually beginning to be more harmful to the economy and to society because inflation is caused by something else.

I would not support the informal sector as a mechanism to create employment. I will suggest that we spend more time trying to create more employment in manufacturing and

in services but also giving opportunities for self-employment. So the example I was making of serious agrarian reform will require that the State redistribute land much faster and assist those emerging farmers. That's one example of creating self-employment.

But also the issue of skills. We've been saying that we have a skills crisis in this economy but why do we still demand payment for education? I think we should - it's now time to have free education. But of course free does not mean somebody is not paying; we will be paying for it through the tax system because then that will give people access to education. But it also means improving the quality of education, which means those people who are exiting the school system must be ready for employment. If we're looking at our vocational education, our FET sector, it's just producing 5% of total graduates in this economy. So we're still relying largely on universities which have become very expensive and the vocational education side of things is underdeveloped. And it's also expensive, I mean, to take your child to an FET college without a bursary, it's quite difficult to sustain participation.

Now, comrades, the issue of percentage versus actual, let's clarify this. For me it's a red herring. If you increase wages by R500 but that R500 in percentage terms is below inflation, you've not done anything. If you increase wages by whatever percentage but it's still below inflation, you have not done anything. So for me the real question is, it's not the actual versus percentage and I think workers say, percentage versus actual because they don't understand how you work out percentages.

They just want to see, I want R500 more. But you may find that that R500 compared to what you can buy with it, is low. So for me always you need to ask yourself, what can I buy with this? Can I survive? And that's the critical question, whether it's a percentage, whether it's an actual wage, that's the central question, is this protecting my wage against inflation? If it's not, then you've not done anything, you are actually just playing around.

The issue of across the board versus sliding scale, I will leave that to Kimani otherwise I'll be taking the thunder for him and he will talk about it. Fuel price, Cde Mafani, I didn't

understand the point. If you could repeat your question there but before you do that, let me answer the other question and we'll come back to that.

Look, comrades, the apartheid wage gap arose because of a number of things. First, because black people were denied access to particular jobs because of the job reservation system. But secondly, because black people were seen as a source of cheap labour. Now you have that legacy which means - okay, thirdly, it is because black people were denied access to certain skilled occupations because of the job reservation system. So you have a combination of an apartheid restrictive policy which restricted access to skills and access to particular occupations which translated in particular wages being paid for black workers. And we are still seeing the effects of that. The effects of that is that black workers are at the bottom end of the wage chain, of the employment ladder as well as the wage ladder.

And when I say we've just increased those wages by inflation, is that because we've not increased it substantially. We did not improve the access to training for those black workers so that they can move up the employment chain. And this is an issue that is highly contentious because it relates to how we define skill in this economy. And my favourite example is a boilermaker. You find that this is a worker who displays the competencies of being a boilermaker but because he does not have matric and cannot access whatever NQF levels, I always get confused with the NQF levels. But because we said for this worker to have a recognised certificate, this worker must also demonstrate theoretical learning at matric level. So what that means is that we are saying that this worker, who is a boilermaker, must do trigonometry and prove competency in trigonometry.

Now we're talking about a 50-year-old worker, who in practice is training all the newcomers with skills, with the certificates. And that worker's knowledge is not recognised. So in a sense, comrades, the recognition of prior learning is a battle that we have not won and that we are not waging. And as a result we are finding that employers are continuing to pay, they are getting access to cheap, skilled labour but because that

labour is not defined as skilled in terms of having recognition, then they are not getting upward mobility in the workplace.

So it's a combination of all of those things that perpetuates the apartheid wage gap and of course, in terms of skills and so forth, there is a relaxation. So you are finding new black workers with skills that are coming into the workplace. But what it means is that your 50-year-old worker will always remain at the bottom, unless you find a way of forcing employers to recognise that this person is skilled and they have to be graded differently and paid differently. So if we don't do that, they will continue to be at the bottom.

The issue of social grants, the demand on the table is that we must have a universal, unconditional grant. Okay, so it's not work-fare. Work-fare is like you work for particular periods then you get payment. So the basic income grant is the idea that, give everybody a universal income but it is not a high income, it's about R100. And with that what they can do is that households can put it to buy food, people can use it to find employment because you find that for job seekers, the cost of searching for employment is high. So, because they have to travel to those places where there are jobs, they have to fax CVs, they have to buy newspapers in the first place to know where the job opportunities are. So the universal grant is that idea of giving people an income.

But that's not the only mechanism. The other mechanism is that, for example, give people a guaranteed number of days of work per annum through the public works programme. So in that way, you are combining employment, you are combining income transfers but also give people access to skills and to opportunities. So there's quite a load of things that can be done to improve the situation of those who are unemployed.

Another idea could be to increase the number of years of benefits for the unemployed because at the moment it's nine months and after nine months, that stops. And when that stops, you don't get anything from the state or from anyone. So it's that idea that you have a comprehensive package, not just an income grant but also employment.

The issue of 15 years, that's because the basic conditions of employment says, legally you can only work from 16. So if a family is employing a person under the age of 15, that's breaking the law because child labour is prohibited in this society. But of course there is a special dispensation for, you know you have infants in adverts, that was an interesting debate. Is that infant a worker? And I think there is a special regulation to regulate instances where, for example, children below the age of 15 are working for a particular period and they have to work under particular conditions because that infant is paid, actually, when you see them in those adverts. I hope I've covered all the questions, comrades, but the Sasol one needs clarity, if I can have a follow-up on that.

**MR MAFANI:** Thanks, Chair. What I was saying is, you are saying the current fuel prices are as a result of the high oil prices. And Sasol is not - yes, and they're doing whatever they do from the coal, they manufacture that from the coal. Now I'm saying in terms of the - because they are forced to use the same price as that of those who get it from the oil, now the differences that they make, who is benefiting from that? Is it the government, the Sasol Group and the employees? What do the employees get? If there is any benefit, how long is that sustainable?

I'll look at the fact that we earlier on raised the fact that when the gold price was in demand, when gold was in demand, we made in South Africa huge amounts of money through that. And the apartheid regime then spent the money in the way that they did but it was not sustainable. Now in this case with Sasol, where do we see ourselves?

**MR BODIBE:** Okay, this is quite a complicated debate but let me start with the history. When Sasol was created, it was created as an experiment. Remember, the technology to convert to fuel was actually first developed by the Nazis in Germany and when the government realised that we have a lot of coal in this country, they said, okay, let's try, let's create a company, a public company that will experiment with this technology. In addition, we'll protect them in the market.

So protection in the market will say, they will sell at a price similar to the other oil

companies because that technology was still new, they were still experimenting with it. And then in order to continue to incentivise their technology, then Sasol was going to sell that at the same price. In addition to that, government said if the international price of oil is below \$24 per barrel, we will give Sasol a subsidy. So that's how they were protecting Sasol.

Now, Sasol was privatised, so it's no longer a public company, it's now a private company. But it means in competitive terms it is getting, it is using - its costs are much lower than the cost of, say, Caltex which has to import the crude oil but they sell at the same price. So which means Sasol per unit is gaining more money. And what do Sasol do with that money? They pay dividends. So they give that money to their shareholders, not to their employees.

Remember, I think it's two years ago, there was a strike at Sasol and workers were demanding I think about two cents per hour more. But that strike was prolonged. At the same time Sasol said, we are going to give some black people shares in the company, do you remember Maduna and them? And we are going to use our resources to finance that BEE deal, which was about R26 billion. Which begins to show you that Sasol is not investing in its employees, it's using this profitability to pay up dividends.

And then Treasury also had a study to say, okay Sasol, you are gaining a windfall, a windfall in the following sense. So a windfall is like a temporary gain that results from temporary changes in the market. We were giving you protection that if the fuel price is below \$24, we'll give you a subsidy. But now the fuel price has been higher, okay, I think that at the time it was going around \$30 per barrel.

Now the debate is, should Sasol pay back the subsidy or should it pay a windfall tax. Now the group, the team that the Minister of Finance put together suggested that Sasol must pay a windfall tax. I don't think they ever paid that windfall tax because they were threatening to take government to court and so forth because they were arguing that the subsidy has effectively been paid back.

So that's how Sasol is protected and I think that's the debate we need to open as a society, that we are having a fuel price structured as if we are protecting a public company but we are actually protecting a private company and giving it competitive edge. But also if you're looking at Sasol, because they are not only producing fuel, they are producing chemicals like fertilisers and so forth. They are not giving the benefit to society in the form of cheaper prices for those fertilisers. Actually, they are charging farmers fertiliser at international prices, even though the farm may be next door, you pay international prices for that.

So that's another argument to say, okay Sasol, we can continue to protect you but the benefit we want from you is that in the downstream industry, provide these things at a cheaper cost which will be important for industrialisation. And chemicals, not just - because remember Sasol also produces chemicals that are used in the plastics and so forth, and so forth. So that's the invidious position of Sasol. I hope I'm answering, Cde Mafani. Thanks.

**CHAIRPERSON:** Cde, Kimani, you haven't had a question?

**MR NDUNGU:** No, I had my question, I'm fine now.

**CHAIRPERSON:** Oh, you're covered, okay. Comrades, I'm noting hands, I'm looking at the mandate of FAWU to provide tea for us. And we have already stolen their 20 minutes. So I don't want to find myself in dispute with them as the employer this time. I would request that you reserve those questions for now, let's go for a tea break and then we will come back with the same questions when we go to the next presentation. So just reserve them, don't lose them.

So, comrades, in closing then before we go, for this workshop purpose, we've got now enough weapons to stage a war against capital. I think we are now better capacitated to negotiate better. With JC and Oom Hans, we have already worked on the RPL Cde Oupa,

the RPL on Grandfather clause, ja we actually won that. And that's what has exhausted the budget of the employer now, who they say they want to withdraw that money back from the nurses. And as nurses we are saying no, it won't happen. So thanks, comrades, for your participation in this first round. Let's go break for tea and enjoy it. We're going to take only 15 minutes so twenty-five to twelve, we are back. Thanks.

## **TEA BREAK**

**CHAIRPERSON:** Welcome back, comrades. Just two announcements. Please make sure that you have signed the attendance register outside there for the records. And there's a lunch attendance register circulating now, please make sure that you have also completed that. And you are welcome.

It's 11:49, we are almost 20 minutes behind time. 'Inflation, Understanding CPIX, CPI, Calculating the Cost of Living', Cde Trenton Elsley, Researcher, Labour Research Service. Cde Trenton, the floor is yours. And the comrades who had those questions that they reserved, don't forget them, we'll incorporate them into this next discussion session.

### **(iii). INFLATION: UNDERSTANDING CPI/CPIX, CALCULATING THE COST OF LIVING**

**Mr Trenton Elsley, Researcher, Labour Research Service**

Comrades, it's a privilege to be here. Thank you to NALEDI for the invitation. I'd just like to take a moment to hand out the copy of this publication which I will be talking to and you are welcome to follow me in this. So let's just take a moment to hand these out and then I will begin promptly.

Comrades, what I've given you is a recent publication of the Labour Research Service, it's dedicated to the issue of inflation. It tries to introduce the comrades to some of the debate around monetary policy, interest rates, inflation. I think it's an important debate and I think, as unionists, we need to develop opinions and thoughts on important debates like this. And this is an attempt to try and shed some light on it for the comrades, to make it a little bit accessible.

But I'm not going to talk about that today, I'm going to concern myself with a more practical component and it is on page 17. We're going to talk directly to inflation and my aim is to try and familiarise you with a little bit of the detail around inflation, which on the surface of things looks very simple but when you a bit more closely, it's not as simple as it looks. And it's to hopefully give you something practical to take away, so that you are able to cope comfortably with this issue in and around collective bargaining.

There are a number of opinions circulating around inflation in relation to collective bargaining and practices, opinions and practices and there are those who use inflation as almost their exclusive, their only benchmark in wage negotiations. There are those who use it in slightly more creative ways and there are those who say that we need to move beyond inflation. And I'm not here to agree or disagree with any of those positions. What I'm suggesting is that, even if we move beyond inflation, we start to find other benchmarks, I believe that we must have one eye on inflation. We must be able to cope with this issue, it's not going to go away. And the link is obvious because inflation

determines the real value of whatever wage increase you get, the real value of whatever your income is.

So, regardless of our opinions, we must have one eye on inflation and I believe that we must be able to cope with it, we must have one eye on it. And what I suggest is that at the very least, we consider looking at inflation as a way of trying to determine what should be perhaps our absolute bottom line wage demand. So the bottom line, the fallback position because for us to accept an increase below inflation is to do our members a disservice, because in effect they become poorer in real terms. It might look like they're getting more money but in real terms, in terms of what that money can buy, if we come in under inflation, in effect they have less money.

Now what I give you on that first page is some stats. Now this publication was earlier in the year and the highlights there on page 17, I provide just some highlights of inflation statistics, those are from February. So let's take a moment to just understand each of these items because I think often we gloss over them and we're not entirely clear what we're talking about.

CPI, in fact, let's start with you, comrades. Perhaps from the floor you could give me a sense of what you know about inflation. What do you know about it, what do you understand by inflation, what do you know about it? Can I ask the comrades to throw some things at me.

**COMMENT:** ... (inaudible)

**MR ELSLEY:** Anyone else? What do you understand by inflation?

**COMMENT:** The rate at which your basic needs are increasing or rising or declining at a certain point in time for that basket of the goods that you would need.

**MR ELSLEY:** Comrade at the back.

**COMMENT:** It is the buying power of the money you have in your pocket.

**MR ELSLEY:** Nice and straightforward.

**COMMENT:** In real terms.

**MR ELSLEY:** In real terms. Okay, thank you, comrades. So let's look at each of these items. CPI, what do we understand by CPI, do we know what it stands for?

**RESPONSE:** Consumer price index.

**MR ELSLEY:** A hundred percent, consumer price index. And as I think the comrades know, the consumer price index is made up of what they call a basket of goods and services. So food items, certain food items that they project people would buy, transport items, health related items, so a basket of goods and services and this is measured, the cost of this basket of goods. So literally like a shopping list you can imagine and Statistics South Africa will on a monthly basis go out and measure the cost of buying that shopping list. And, based on the data that they get from that exercise, they will then release statistics which try and give an indication of the rate of increase in the price of that shopping basket over time. So that's the consumer price index.

CPIX, CPIX, do the comrades know what CPIX is?

**COMMENT:** It's the same thing except ...

**MR ELSLEY:** A hundred percent, it's the same thing as CPI except what they've done is they take out the effect of interest rates on mortgage bonds, which is home loans and I think it also extends to other sort of credit arrangements beyond home loans. Okay, so they stripped that item out. The reason for that is essentially, my understanding is that it's for the Reserve Bank, especially currently with our Reserve Bank which practices an

inflation targeting policy. It's so that the Reserve Bank can see what is the effect of their efforts to manipulate inflation. Now our Reserve Bank does that by manipulating interest rates. So they manipulate interest rates to try and control inflation.

Now understand this, if they see inflation rising, Mr Mboweni will raise interest rates. Now if they just looked at CPI after that, they've raised interest rates so that is a rise in prices that would register in CPI. So what would happen? CPI would increase. Then the Reserve Bank would say, oh, oh, inflation is increasing, we must raise interest rates again. So they raise interest rates, look at CPI. What will happen? CPI is likely to increase again. So it would go on forever. So CPIX takes out that item so that the Reserve Bank can see what is the effect of raising interest rates on everything else, taking out the effect on interest rates itself. That's CPIX.

Core inflation, the last item in that little highlight block. Core inflation is an attempt to try and get a sense of the underlying inflationary situation. So core inflation, my understanding is that they strip out goods and services, the prices of which fluctuate quite a lot. There might be seasonal variations but these goods and services have prices that shift a lot and so they would skew a reading of inflation over the course of a year. And so they strip out things that are more volatile, the prices of which are more volatile, to try and get a sense of what is the underlying inflation situation. It's just one more reading of what might be happening with inflation.

And then people will talk about food, for instance food inflation and transport inflation. The key thing to understand there is that these are not separate from CPI, they are components of CPI, so they're just being taken out and talked about in isolation. So within CPI, food inflation for instance currently is running ahead of CPI but that figure is included in that CPI/CPIX figure that we hear about. So it is in there, it's not that it's left out but sometimes it is talked about separately. So we look at the rate of increase in the price of foodstuff apart from everything else and that's why that figure can be different from the CPIX figure that you might see in the newspapers or in a publication like this.

So, let's look at some recent trends in inflation. So it should be well known to you by now that our Reserve Bank practices a kind of, what is called sort of fully fledged inflation targeting. Which means that they are committed to maintaining inflation in a particular band, which happens to be 3 to 6%, that's where they want to keep inflation and they are very aggressive about it. And if inflation goes out of that band, they will raise interest rates and raise interest rates and raise interest rates, until it comes back down and there's ample evidence of that in recent times. So that's what the Reserve Bank does.

The fact of the matter is, despite their best efforts inflation remains in an up cycle, this is becoming common knowledge now. And food and transport I believe are still leading inflation, these are registering some of the highest rates of increase, they are big contributors to overall inflation. What is also a fact is that over the years, CPIX, which is the benchmark that is I believe most commonly used by unions and employers in collective bargaining, it's CPIX rather than CPI. CPIX has tended over the years to be higher than CPI, that changed recently and we've seen CPI come in higher than CPIX.

I believe the reason for that is what I was talking about earlier on, the Reserve Bank is raising interest rates and that registers in CPI and that is pushing CPI higher than CPIX. CPIX by definition does not include the effect of interest rate increases, it doesn't include the effect of interest rates. So some comrades might find that a bit unsettling thinking, oh, we're using CPIX but CPI is higher, maybe we should use CPI and that's understandable. But the fact is, that in general terms CPIX I believe still remains a better benchmark, better protection in the long-term than CPI.

The second graph on page 18 gives you CPI and CPIX over the years and then it introduces food, just to give you a sense of what is happening there. And you'll see that since 1998 food inflation in isolation has tended to sort of shadow CPI and CPIX. It sort of follows its general pattern relatively closely, it might be a little bit under, might be a little bit above, it's tended to shadow it. But in recent times, in recent years we're seeing food inflation running away from overall CPI and CPIX, again I believe this has become common knowledge.

The point was raised earlier on, the importance of food inflation is the fact that it is accepted that the less money you have, the greater proportion of your money you spend on food. So to give you an example, this is not an exact example, if you have R1 000 a month at your disposal to spend, you are likely to be spending 50% of that money on food. If, however, you are somebody who has R10 000 a month to spend, you are likely to be spending a far lesser proportion of that money on food, maybe 15%, maybe 20, something like that. So that's why talk of food inflation is relatively important in the context of inflation and understanding the effect on people, the less money you have, the more money you spend on food. So if food inflation is running ahead of CPI/CPIX it's going to hit those who earn less, harder.

So the point there is that low expenditure households, households with less money to spend on a monthly basis, have been experiencing a rate of inflation over the last couple of years that is higher than the average CPIX figure that is generally talked about in the newspapers, picked up by unions and the like. They are likely to have been experiencing a much higher rate of inflation.

So in summary then for this first part, I'm suggesting that CPIX remains a better sort of measure of inflation risks to our members, better than CPI. We're also noting that because food inflation is running ahead of these CPI and CPIX, that low income earners are likely, no, not likely, are experiencing higher rates of inflation than the average would suggest. So in other words, if inflation was 10% and a worker at a low income level was getting a 10% increase, I believe that that would not actually cover their actual experience of inflation. They would be getting an increase below the rate of inflation that they experience, based on what income they have to spend.

And then another conclusion is looking at the various indicators. I believe that as much as we like simple answers, we want one figure, just tell me one figure, give me something I can work with, it is far superior to look at a number of indicators of inflation to get a more nuanced understanding of what is happening with inflation. So I'm suggesting that

you look at what's happening with CPI, what's the CPIX figure, what's the core inflation, what's happening with food, what are the goods and services that are registering the biggest increases currently, you know, what are the inflation leaders. And I believe that that gives you a much better understanding of what's happening with inflation now, the effect it's likely to have on your members and it also gives you some kind of understanding of where inflation might be going.

So to get practical then. I try and give a few thoughts on negotiating inflation, dealing with inflation in a collective bargaining environment. I'm suggesting that the first step is to look back because inflation statistics are retrospective, they've happened already when we get them. So it's only later, it's only now that we know what happened over the last 12 months. So the first step is to look back.

Now there's a resource on page 23, a little table that tracks annualised CPIX month by month over the years. So I just want to take a moment to just tell you how to read this table, don't be afraid. What you do is, remember I said inflation is sort of backward looking, it's looking over its shoulder the whole time. So if we look at the figure for February 2008, can you see it? Somebody tell me the number.

**RESPONSE:** 9.4.

**MR ELSLEY:** Thank you so much. 9.4%, what that means is you read it 12 months back, so 9.4% for February 2008 means that the price of that basket of goods and services that we talked about increased by 9.4% between February 2007 and February 2008. So you see, you read it backwards. So it tells you what was the increase in prices over the last 12 months. So what this means, though, is that we can in fact - and it's month by month. So you can do it for any month. So June 2007, 6.4, you know that prices increased by 6.4% between June 2006 and June 2007.

So, what you can do is you can consider your last wage settlement. Let's say for argument's sake your implementation date is February, you look at February 2008, 9.4%.

What was your settlement February 2007? If it was less than 9.4 you've lost out, your members have less buying power than they did in 2007, in February 2007. So now we are able to go back, look at our settlements in the previous year and actually understand how it matches up with inflation, which might be a little bit scary sometimes. You might want to keep it to yourself when you see that the settlement comes in way under inflation but you can do it, you can look and see, see for yourself.

So I'm suggesting that one possible approach if you're bold - first, what we're trying to do here is just build, put little blocks together to try and build some kind of inflation-based bottom-line wage demand. So I'm suggesting that the first block, look back and say, right, our settlement in Feb 2007 was 7%, for instance. We now know that prices from February 2007 to February 2008 increased by 9.4, our settlement was 7, so we lost out 2.4%, we were 2.4% under inflation over that period. I'm suggesting we take that 2.4 to the table now and it's the first block we put on the table, we need to make up for lost time. Employers, 2.4, first step.

The second block, I'm back to page 19, for anybody who's interested. The section here is called low income households and I talked about this a little bit earlier on. Now I give an example again of February 2007/February 2008, the figure of 9.4% for CPIX. Now that is the figure that gets put out by the media, picked up by unions, picked up by employers, it finds its way into negotiations and it all looks fairly simple but what is lost is that this is an average, it's average inflation.

What you need to understand is that Statistics South Africa actually calculates inflation for five different, what they call, expenditure groups, an expenditure group just means it's a band. So for instance, on the next page I try and show you, you see they've got five bands and they call them very low, low, middle, high and very high. So these are households with a certain amount of money that they can spend in a month and they actually calculate inflation for these different expenditure groups.

Because as I said earlier on, we noticed that with food, households spend their money

differently, depending on how much money they have in total to spend. So different households, based on how much money they have, have different spending patterns. Statistics South Africa calculates inflation for five expenditure groups. Now what do you notice when you look at that table on the right? The first figure in bold is average CPIX for February and then there's an inflation figure for each of those expenditure groups. What do you notice?

**COMMENT:** When I check these figures, it's that a lower earner is getting a higher percentage and then a high earner a lower percentage.

**MR ELSLEY:** It's quite perverse, isn't it? The less you have, the more things cost you. And you'll notice that the difference is not insignificant, especially in the context of collective bargaining. Because let's face it, people, we are fighting often over half a percent, a percent, let's not pretend, these are the kinds of numbers we're fighting over.

So what I'm suggesting is that if your members in a particular bargaining unit, for instance let's say, let's even take, okay, let's take middle, their middle band which they're saying is up to almost R3 100 a month that that household has to spend. Now if your members, if you feel that your members fall sort of in that category, the rate of inflation - this is not me, this is not Trenton from a labour support organisation trying to make up number for unions, this is from Statistics South Africa.

Inflation rate for them 11.1%. You see that immediately there's a shift, we're shifting our benchmark from 9.4 to 11.1, that's 1.7%, it's a lot, it's a lot and I believe that we must steal percentages wherever we can. Remember we're trying to put together these blocks, okay. So what I'm suggesting as the second block, is that we perhaps identify where our members might fall in terms of their expenditure patterns and we bring a different benchmark to the table. We say, ja, ja, that's average CPIX but my members are experiencing inflation more like 11.1, so that's what we want to talk about today, not 9.4. So we're shifting the benchmark a little bit.

A related point is thoughts about a living wage. Now, as much as I give some kind of rough estimate and I stress that it's rough and as much as I provide that there, I backtrack in the same paragraph and I say that actually I don't want to give it to you. Because the truth of the matter is that we don't really know what constitutes a living wage at the moment, we don't really know. There used to be, historically there were studies, there were surveys that were conducted that measured the living wage or tried to measure the living wage. Because if you look closely at them, there are many problems with those studies from a researcher's point of view, when you look at it the methodologies are quite weak. But still they were what we had.

Those surveys have over the years now been discontinued, none of them now exist anymore. My understanding was that it stems, it's historical, employers in fact initiated those living level surveys because I think workers were coming with huge demands and they wanted a benchmark that might just put some downward pressure on what workers were bringing to the table - and we're talking way back. But I think, clearly, employers have lost interest in these living level surveys and they're not attracting money and they've all stopped.

So the fact of the matter is that we don't really know what is a living wage. It is also true that to really start to think about what constitutes a living wage is actually quite a complex discussion. Because I believe it would be overly simplistic to suggest that a living wage is just a money amount, a certain amount of money is a living wage. I think that's very simplistic and I think we would be doing ourselves a serious disservice if we bought into that kind of discourse.

I would like to see a much more complex understanding of what's a living wage and unions are well aware of this and there's talk about social wage. So I think we must factor in things like access to education, health, sanitation, services, these are very important parts I believe of what should make up a living wage. Because to me it's not enough that you get say R3 500 a month but you don't have running water or electricity, it doesn't look so much like a living wage. It's not the same as a person who gets R3 500 a month,

they have running water, electricity and certain other amenities. So I'm suggesting that we need to, I think, we need to go for a more complex understanding of what is a living wage.

I would like to bring it to the comrades' attention actually that there is a task team in NEDLAC, Poverty Measures Task Team they're calling it and its mandate is to work on developing what they're calling a poverty datum line for South Africa. Now on the one hand, a body like Statistics SA, which has been commissioned by National Treasury to develop this, Stats SA wants to make out that it's just a simple, objective, neutral, scientific exercise. We'll just, you know, we'll develop a poverty datum line.

So it would be - and the approach they're taking is also that simple money approach. So it will be a certain amount of money and if you earn less than that, you are poor and if you earn more than that, well then technically you're not poor. They want to make out that it's a very neutral exercise. Community and Labour disagree quite strongly and I think it's fair to say that the feeling is that it is a profoundly political exercise to determine what is and what is not poverty.

And I think it has quite serious possible implications in terms of policy formation because it's not clear how it could be used in future, whether or not it's intended now, it could begin to influence collective bargaining if this suddenly emerges as a kind of living wage measure and if it's set very low, it presents us with very serious problems. So I just wanted to alert the comrades because I'm very keen for Labour to exert more effort in this task team because I believe it's a very important exercise and it has very serious implications and best we engage very vigorously with this process, otherwise it will happen without us.

**COMMENT:** ...(inaudible)

**MR ELSLEY:** I can accept that, comrade, I can. I think ideology and politics are intimate friends, I accept that completely that is perhaps also an ideological battle.

Another building block. We looked back, we looked inside a little bit, different rates of inflation for different expenditure groups. Now, it's critical that we also look forward because inflation statistics look backwards but we negotiate forwards, a little bit of a problem. So best we have some kind of opinion on what inflation will do over the next 12 months if we are in an annual agreement. Because if we don't have some kind of opinion of what inflation will do, then what is informing the wage demand that we bring to the table, it's just out of a hat? We need to look forward, so we need to begin to develop opinions and some kind of understanding of what inflation might do.

Now nobody knows what inflation's actually going to do but you can make, I believe, informed guesses. So banks will forecast inflation, often they get it wrong, nobody knows for sure what will happen. But you can look at what has happened in recent times and based on what I was talking about, looking at some of the different inflation indicators, CPIX, CPI, core inflation, elements within inflation. Are they in up cycles? Do they appear to be stable? Do they look to be on the decrease? Based on that kind of reading, I believe we can form a pretty good opinion of what inflation might do over the coming period.

I've been saying this for a long time and it's still valid, I believe that inflation remains in an up cycle. So if you are approaching negotiations now and current, the latest inflation figures came out yesterday I think, let me just tell you them quickly. CPI has come in at 11.1, CPIX 10.4%, food has come in at 15.7, remember that's food within CPIX, transport as an item within CPIX has come in at 15.6, core inflation is measured at 10.2. Now if you jotted those down next to the February 2008 figures you would notice that by and large they are all increases on the February figures.

So it's quite clear to me that inflation remains in an up cycle, if it's going anywhere it's going up. And I suggest that a very conservative, I think reasonable and quite conservative estimate is that you could probably bank on 2% in the next 12 months. I think that's quite conservative, I could say a bigger number but for the moment I'll be

conservative. That's just to illustrate the point, inflation is in an up cycle

So as much as you might bring, what will you take to the table now, CPIX 10.4? I would factor in 2% and it's conservative and you can argue it, based on the figures. You can say, people, you know full well that we remain in an up cycle. You look at the numbers, they're still on the increase, we are still seeing lots of inflationary pressures around. Price of fuel as a function of the price of oil continues to rise, I mean, the price of petrol increases 25 cents every 24 hours these days, food prices are charging, transport costs are charging, also linked to oil price. So you can argue quite comfortably that as much as CPIX figure now is 10.4 or whatever it was, it's likely to come in higher over the next 12 months.

It's also reasonable to expect that the Reserve Bank is going to raise interest rates again. I mean, I must admit the one thing you can say about the Reserve Bank is that they are very predictable, they just raise interest rates. So it's not a question of if they will raise interest rates, it's just how much, that's the only thing people try and figure out because everybody now knows. And it's interesting because there is a building opinion out there from mainstream economists, academics and the like that are really criticising their inflation targeting policy. Saying that the cow is dead, why are you still shooting it?

But the Reserve Bank seems completely - they will not be swayed. Their mandate is an inflation target band, this is the only tool that they have and they will just keep on doing it until inflation comes down and it may or not be because of what they've been doing with interest rates. But it's very predictable at least, we know exactly what they're going to do and that is in fact a core part of their policy, as you will discover as you look at some of the articles on monetary policy and inflation more broadly. It's all about predictability and stability, it's the science of expectation, that's what the Reserve Bank is doing.

So in other words, we can rely on the Reserve Bank to raise interest rates in the short-term at least, not the medium-term, which is likely to put added pressure on anybody in a

credit arrangement. If you have a home loan, a credit card, you're going to feel that because interest rates will continue to rise and I think a lot of people are feeling it already. I mean, we've had what? 4.5, 5%.

A couple of last points. What I talked about looking forward. When we start talking about multi-year agreements, of course you understand that the need to have some opinion of what inflation will do in the future becomes even more important, because you're locking yourself in for maybe three years. Now, things could go very bad for you in three years because nobody knows what inflation will do over three years. I mean, anybody who says they know is just talking nonsense, nonsense.

So it's critical that you have some kind of opinion and that you're trying to cope with it. There are examples of unions who are trying to cope with it. So you see examples of unions using what they call like, sort of safety valve type mechanisms, so they use an inflation formula. So in the agreement it will say year one CPIX plus 2, year two CPIX plus 1, year three CPIX plus 4. Now, we understand what they're trying to do there, so at least you know that by year three you will still be using inflation, CPIX will still be a benchmark.

So you can't, you know because if you just said numbers, year three 6%, what if year three is now, inflation is over 10% and you've locked into 6, you're just losing out. So that's the danger of just agreeing on a number because then it's not linked to inflation at all and you have no idea what inflation is going - you could win. If inflation was 2%, well, then you're a winner but currently you're not a winner. So it works both ways. So that is one example of unions trying to cope with that time factor, using clauses like that, inflation sort of based formulas.

**COMMENT:** ... (inaudible)

**MR ELSLEY:** Comrade, that's a longer discussion. I'm not suggesting that long-term agreements are bad, I'm not suggesting that they're good, it's more complicated. Inflation

is one factor, I think it's one part of that discussion and clearly it poses a danger. But there are other factors that I think we would need to think about in making that kind of decision. I know you'd want a simple answer, I know, I'm sorry.

I'm almost done, comrade, last point. One last note there is that also make note that where your conditions are set in numbers, in values, R220, whatever the condition is, if that condition is not adjusted over time, it is devaluing each year. R220 is not what it used to be, so each year it becomes a little bit less, whereas a percentage is always a percentage of something, so it kind of stays with inflation. So just a note to be cautious of numbers, conditions that are set as just a money amount, it's devaluing over time and it should probably be revisited.

And then to wrap up. It's to essentially throw the ball to you and to suggest - I mean, I think it is important that we begin to explore and think about going beyond inflation. I think we need to keep one eye on it because it talks to the value of the money that people earn. So let's not pretend it's not there, let's have one eye on it, so that we cope with it in negotiations but perhaps we need to think beyond it too. And it's not quite clear where we go beyond inflation because when inflation is low everybody cries, ah, inflation, inflation, no we can't use this for negotiations, it's killing us because we're going 4%, 5%, it's not impressing workers that's for sure.

But then of course when inflation is high, everybody is crying. So, clearly it has a use but where do we go beyond? And I would like to hear some of your ideas about what we can supplement, how can we begin to move beyond inflation, what else can we bring into the mix? Perhaps, to float something, perhaps a return to old school productivity bargaining, it's a possibility, you might like it, you might not like it. But let's begin to think about how we can move beyond inflation.

And then, finally, the principle I'm trying to I think convey is that I believe that wage negotiations, we should be aiming for an accepted principle that wage negotiations start at inflation. And the question is, where do we negotiate to beyond that? We need I think

to try and do away with this dynamic where employers come in under inflation and we spend a month just getting to inflation.

And we're going to get tired and then we try and get past it and we don't get very far. I mean, it doesn't make any sense. How can a union accept an increase that is less than inflation? I mean, employers will understand this logic, they won't like it but they'll understand it. You're asking us to what? You want our members to be poorer, how can we accept that for our members, it's impossible, we can't do that for you. The principle is that negotiations need to start at inflation. And the question is, where do we end up?

I hope that has been a little bit of help to you and I welcome any of you to contact me anytime you like to get further. We do a sort of monthly inflation highlights thing, it gives you the latest figures to try and assist you, so I hope that's been of some assistance.

And again I thank you for the opportunity. Thank you very much to NALEDI.

**CHAIRPERSON:** Ja, comrade, thanks for the formula and now at least we know where we're going to start from. Public sector we will start at 1.9 first, because that's the deadlock we have lost so far, so we need to start there. Two digits, ja. There are two digits here, so that's our first stage of negotiations.

We had the overlapping of the two questions in the previous session and we'll welcome those if they are not answered by the last speaker now. I think we need to then engage, we have 25 minutes to discuss this topic now but it is overlapping. CPIX/CPI, food inflation or transport inflation, which one should we use as our targeting as well for negotiations? It's your turn, comrades, questions.

## **DISCUSSION**

**COMMENT:** Can I start, Chair? Thank you. Chair, the question which I wanted to raise earlier was in relation to what Cde Oupa has reflected to us, which I believe is debatable. It's around, relating to the current CPIX, to say that we use it as a measure. Our understanding is that you measure inflation over time because if you use the current one to say we immediately measure what we did previously, that means what the employers are approaching us with, is a different scenario. And therefore the 12 months measurement which has been reflected, that's how we understand measuring the CPIX or inflation.

So that is the issue which I wanted to contest, to say now that that was raised, what happens to the average CPIX which has been released by the Stats SA, which obviously it has been used. But all in all, Chair, I believe it is correct that, yes, we have fallen into this trap of using inflation and all these other related elements as the benchmark and it's difficult for now to come out of it and therefore the best instrument I believe we will, as the workshop, come out with.

Further to that, Chair, one area which I wanted to raise which is always confusing, is around the issue in relation to technology, particularly where we have people who are deemed to be temporary employees, using the - what are these people? Some who are currently fighting this. Labour brokers, labour brokery? Ja, that is where the problem is. And those who are termed to be permanently employed. We have a scenario where most of our members are permanently employed and over and above that, our same members are the ones who are using those who are employed through the labour brokers and they start now to supervise and oppress them.

And that is where the problem is and I think through this process of employment, if we can from our side be able to educate our own members and also our structures to be able to assist those workers who are struggling there. Thank you very much.

**COMMENT:** Thank you, Chair. My question is based on the fact that you related to the discontinuation of the household levels research and you indicated that they were initially commissioned by the employers. But from what I have been looking at in those surveys or research, it was important for us and I believe that it is still important that we have those kind of a research, but agree on the criteria that need to be used. But it's also to assist us, as the trade union movement, to determine a living wage and have a weapon to put a strong case to the employers in terms of what is it that would be correct.

I think it was raised by Oupa earlier on, the question of the percentage versus the Rand or is it raised now as well? That point comes into play when you have to say the Rand value is in terms of achieving a particular minimum and the percentage value is in terms of sustaining or ensuring that you sustain a real wage. I think it becomes important that it's incumbent upon us as Cosatu, the other labour movement, and NALEDI, even LRS, to say guide in terms of what should be the components of that research. So that it is as objective as possible but also subjective in favour of the working class and the poor. Thank you.

**CHAIRPERSON:** Next with the mic, just flow with questions.

**COMMENT:** Thank you, comrade. My first question is on CPI versus CPIX. When you go for negotiations employers always use CPIX, which is lower than CPI and whenever Mboweni increases the repo rate, it affects our housing loans, which is not included in the CPIX. Now, how can we push the employer? Because at the moment almost everybody is having a housing loan and they are increasing now at a very high rate, some people have already lost their houses as I'm speaking now but the employers are not accommodating that.

And then another issue is this inflation targeting which Mboweni does not want to shift from 3 to 6 but he's aware that he's not in control of the oil prices and other things like food inflation. So how can he be forced to accept that this 3 to 6 must move higher? Because employers always say, inflation is going to drop at the end of this year, so there's

no need for you to be asking that much and he's put us in a corner as negotiators.

Then that last question is this thing of - because we are dealing with contracting at NUM. When the contractors, when they tendered they have agreed with the employer that they are going to pay a certain amount of money for workers even if they work this ESOPS. Now when we get there that they cannot move and when we tell them of inflation they say, no, our contract is signed for three years. So we don't have room to move because it does not affect, actually accommodate the inflation. Because if you can now say to our principle employer increase our tender, he's going to say alright let's cancel it.

So we are having that problem that they don't have room to manoeuvre, they are just tied in a corner. But when they are negotiating this contract we are not there as workers but when you go for negotiation now, we are finding ourselves trapped in that problem. So those are some of the things that are giving us a hard time. Thank you.

**CHAIRPERSON:** Thank you, comrade. Next one on the mic.

**COMMENT:** Just a follow-up, I think the comrade next to me here, to Kimani, if I'm not pronouncing his name incorrectly. Maybe a question to Cde Oupa, asking about the instruments. Because Tito has indicated that actually he's wedded to inflation targeting and that is the only way. And Cde Oupa indicated, actually painted quite broadly a scenario from Chris Stals and what has happened to the situation that we are finding ourselves. He made examples of the Mossgas, how is the price fixed, I mean, how the collusion on prices is also impacting on inflation.

And he didn't come out clear, whether then the best approach - and I've seen Cde Trenton also re-emphasising the point that was made by Cde Oupa, that you cannot continue shooting a dead horse. Now we want to shoot a living horse so that we can have meat. Now what we wanted to know - because if you look at the economy surely it is informed by the currency, it is informed by the balance of payments, it is informed by the creation of employment, interest rates do play a role.

And when Mboweni dismisses the approach of Chris Stals, he says that his is eclectic approach and you end up not being known what animal you are, as South Africa, and therefore we must come out clear as South Africa. And then say that we are targeting inflation, if we are targeting inflation. We are controlling the exchange rate, if we are controlling the exchange rate. We are creating employment, if we are creating employment. So those are the issues that I wanted him to touch on.

And secondly, on the issue of the capitalist grouping, he indicated the situation where you find that there's a collusion of prices, the oats I think is one of the examples that you know, the bread price and all those things. And I don't know of any regulatory authority that is monitoring the capitalists, I've seen it in the electricity, I've seen it in the independent, in the ICASA, those are all regulatory authorities. Is then Cde Oupa suggesting that we need such a body that is going to monitor the capital?

Thirdly, he also spoke about the prices and the question that I wanted to know is that if we control the prices, does he say that maybe the route of across the Limpopo from Mugabe's point of view, is it the best route to take? Thank you very much, I'll pause there.

**CHAIRPERSON:** Next.

**COMMENT:** Thank you. I wanted to check with yourself, Comrades, looking at the - because normally when we go to negotiate we take the easiest route of across the board increase. Now, looking at the statistics here, at the expenditure groups, now in a company you find that there are about two or three expenditure groups. Meaning then, following your formula the other group is likely to be at maybe plus 12.0 or the other one, it's 11. Now would it be advisable then to then negotiate them as per bands than to say across the board? Because if you say across the board obviously the lower group is going to be disadvantaged. That is what I wanted to check.

And the second issue also is I'm concerned with the term which we use for the people who are labour brokers. You know, during the slave trade we used to have people coming into Africa and raid the Africans, take them across the Atlantic and sell them. Now currently, the modern slavery is the labour brokers go into the township, take the guys there and sell them to the companies, they don't have companies but they take people as though they have companies. And I think to me it's modern slavery and I think the term should be changed and they should be termed slave raiders. Thank you.

**CHAIRPERSON:** I've noted three hands and I would that we shorten our questions, straight to the point, so that we have time to answer and debate the questions. We're left with eight minutes to finish the session. Thanks.

**COMMENT:** Thank you, Cde Chair. I would like to take us back to Cde Oupa. And on page 9, there's table 2, two paragraphs below the table 2, there's a paragraph there that speaks about South Africa being on the forefront of exporting and importing and I think Cde Oupa touched on something like that. And when I look at the deficit of South Africa, it's very high at the moment.

And what I wanted to say is when I look into South Africa being on the forefront of trading as far as the sentence is saying here, it's really disgracing to us because we as South Africans, we are selling our products internationally and when they come back, those products, they are like now too expensive for us and we are the producers of the very same products. But hence, we are supposed to be the beneficiaries of the very same products, at the end of the day we buy those products having been bought internationally.

When they come back to us it's gold rings, it's diamond watches, it's blah, blah, blah and we buy them with a very expensive money, whilst our inflation also is putting us down. And at the end of the day, as beneficiaries we are no more beneficiaries now, they are very expensive to us. We cannot celebrate of what we have produced in South Africa. That was my first point.

And then my second point. It's on skills, when we were talking about skills. But my example was like when Cde Oupa was saying the Boers are now running away from the industry of milk, of producing milk to make butter and whatever, cheese because of the competition internationally. My problem is that I've got a problem of these South African skills that we are lacking, when you see people who can produce, who are farmers who can run away from what they have derived. They have derived milk from their cows but at the end of the day they cannot compete with the internationals. Don't we see that South Africa must now go forward to skill people, to skill those farmers how to compete with the internationals. I think this is a concern.

And then the other concern to me, it's about the issue of, somebody was touching on the issue of matriculants advertisements, the recognition of prior learning that is not considered in South Africa. My problem is in our industries the adverts, when they are advertised you find that it says Grade 12 and those recognition of prior learning is not recognised. Why don't we say today and tomorrow, we say our adverts must look like saying Grade 12 as an advantage, so that the recognition of prior learning should get space. That is my contribution and I thank you.

**COMMENT:** For me it's more about an advisement. I'm just looking at a situation where you start negotiating and you're looking at the current CPIX, then the employer tells you that there's a projected - because currently there's this 6.8 that is project for September. Now most employers will be negotiating forward, you'll come with your 10% now or 10.4 and they will tell you, no, but we look at the rest of the year, so we must come up with an average because there's a projection for September that says 6.8. Now how do you deal with that?

But the other question that I want to raise is at times we have to run with negotiations for a very long period of time. By the time you start the inflation rate maybe is 8%, fine, maybe you do that 2% addition, then by the time you conclude, already it has risen by maybe 3% more. How do you deal with that situation? Because maybe you would have looked at the years back, based on the time that you started, but the inflation rate has

continuously sort of skyrocketed.

The last one would be of late with the private sector, employers there, whenever you negotiated, they will tell you about your benchmark in terms of the salary benchmark in the market. They will tell you that some people are already paid above your hundred percentiles and they'll tell you those people don't deserve any kind of increase, rather what they can get is what is called pensionable allowances. How do you do you deal with that situation? Thank you.

**CHAIRPERSON:** Last question.

**MR NDUNGU:** Thank you, Cde Chair. Very briefly, Cde Trenton suggests that the CPIX in his opinion looks like the right instrument to bear in mind. I don't have the same confidence to say that we should go for the CPIX because whatever way you look at it, there are four main instruments, so to speak of, that Cde Trenton has dealt with. There's CPI, there's CPIX, there's income expenditure by group and there's food inflation, obviously you have transport inflation.

But what I want to say is that, why don't we have a flexibility, depending on what is affecting workers most. Now initially up to I think 2003 we saw that CPI was much lower than CPIX because interest rates were quite low. But now, if we were to rely say on CPIX alone, I think it was this comrade who said a lot of workers have bonds. So it means that whatever increases we get through CPIX don't cover the workers who have got bonds because then it's a different rate of interest.

My suggestion would be to say why don't we, as I said earlier, have a look at the two or three key aspects of inflation that affect workers? And in my estimation, I see inflation by expenditure group and food inflation, those two run quite closely. And remember the graph that Cde Trenton showed to us, the lesser the amount of income you have, the more you spend as a percentage of your household income on food. Therefore, there's a direct connection between the two.

And, lastly, Cde Chair, besides calling for that flexibility in terms of the instruments that we use, if I could refer comrades to page 5 of, there's a short document there, Collective Bargaining, something, something, by Kimani, who is me. On page 5 there is an analysis there from the labour force survey of income, monthly income and you will see that - can you see that on page 5 - there's a graph, figure 3 and you'll see that if you add the totals up to 2 500 using that as a rough working figure, about 43.5% of all workers earn between nothing and 2 500.

That means that the bulk of that income and by that percentage, it is about 6 million workers in the economy, the bulk of their money goes towards buying food. So doesn't that begin to focus our minds to what's the real instrument that we must use, if need be, for the inflation? If not, then looking at food expenditure, income expenditure per group. But CPIX alone, I guess it's got its own problems. Thanks a lot.

**CHAIRPERSON:** The researchers are suggesting that we move away from CPIX and we perhaps go for productivity bargaining. That's the question in hand and even the contributions and the questions from the floor are that we should then move from this type of traditional negotiation style. So maybe my question then it's, what is this productivity bargaining and then how do you advise us in our unions' collective bargaining conferences that are supposed to follow immediately after this workshop and I think this is a preparation?

But on the newspaper today it says: Two lions, I mean, a lioness killed two men on the same day. I want your job, so die. Taxi boss shot dead. So I just want to check because this is relating to the debates that we are coming forth with. There's a shift of farmers to farm with lions, I don't know what they are benefiting from that because the tourists who are supposed to benefit from visiting those farms are dying. So I don't know what is the trend of these lions, it's a xenophobia, it's a new xenophobia. So we need to get away these lions out of this country maybe as well, maybe we should focus our xenophobia towards those lions. That's my questions.

**MR ELSLEY:** Thank you, Cde Chair. There were a couple of questions I think directed at Cde Oupa. I will just answer those that I feel I can contribute to. I note the comrade saying that living level type measures, living wage type measures are important resources possibly for unions and I think perhaps there's room for us to try and develop new resources in that regard. It's going to take some effort but it's noted.

There were a couple of things around CPI/CPIX. Suggestions that maybe CPI is better than CPIX, let's be more flexible, interest rates affect workers but employers want to use CPIX. Now, I'm not telling the comrades what to do, we are free to do as we please, to some degree. So if we believe that CPI serves our members better, then let's use CPI but let's just also think about the consequences, we need to think it through. And so the thing is can we, with the employer can we flip and flop, can we use CPI when it suits us and then CPIX when it suits us, or are we going to run into trouble?

So I think if we can get away with it, well, then let's go for it, we just use whatever's higher, if we can get away with it, fine. But let's also think about the possible consequences if we get locked into a CPI arrangement and things turn around and CPI is now coming in under CPIX, people are going to start crying. So I believe there is room for flexibility but let's just think about what the implications are. Let's look down the road and see, okay, we're going to do this now because we feel it serves us, what are the possible implications? And then we make a decision and we use it or we don't use it. But I agree in principle that we should try and be flexible.

There was a question around how to shift the inflation targeting approach by the Reserve Bank. I think it's difficult, I think it is, by its very definition a very rigid policy, the Reserve Bank has shown itself to be very stubborn and it's almost built-in. If you look closely at what inflation targeting is, by its own design you can almost never stop it because to stop it is to fail. So it's like designed to be a sort of forever policy because the minute you stop or change, you failed. So it's going to be difficult, I believe, to change them and I think the only way to change it will be through two avenues, in combination.

One is pressure but I think the pressure is relatively hollow unless we have ideas about alternatives. And when you look at the criticisms I see of inflation targeting policy, a lot of people will agree that there are problems, that there needs to be change but what is very short, in short supply, is ideas about what the shape of the alternative would be. There are some ideas about coping with certain inflationary things, targeting certain goods, certain products, to cushion people.

So almost intervening at the level of certain goods, so in times of rising food, to maybe subsidise maize, for instance, to cushion the blow to a certain strata of society. So there are some tentative ideas. But I've not seen much in terms of alternative monetary policy ideas and how to deal with inflation and I think that's what we need to develop as Labour and bring that with sustained pressure and then maybe we'll see some change. I don't know enough about the comrade's ESOP arrangement and how it relates to inflation, I think, to really speak intelligently about that, so perhaps we can engage on that personally. If you tell me a bit more at another time we can talk about that. Sorry, comrade.

The question of across the board increases or approaching members in bands. And we see this, I mean, I've seen lately, recent years I feel like there's been a return to the old across the board approach. Previously we saw quite a lot of staggered approaches, it was quite common to see the lowest grade worker will get say 9%, middle grade maybe 8, highest grade 7. So you'd see the staggered approach. The understanding there is clear what they're trying to do. Because, as I think the comrades have talked about previously, where percentages are dangerous is that they hide the actual numbers involved. So if you earn 1 000 and I earn 10 000 and we both get a 10% increase, over time I'm going to earn more and more and more than you, the gap between our incomes will get wider and wider and wider. So that's what the staggered increases try to cope with, they try and keep wages from drifting far apart.

We've seen a return to across the board and of course the implication there is that wages

pitched at very different levels will begin to drift apart again. But I think there are reasons for it, I don't think comrades are doing it because they haven't thought about it. And I think staggered approaches can also bring certain tensions with them, there are certain dangers, I think, of approaching members in bands. Because you're cutting them up and you're creating possible tensions between those bands because now the higher earner is saying, ja, but with you guys I get less, a lesser percentage. Why must I sacrifice, why can't you represent me? And they begin to identify themselves I think as some other segment of the workforce.

So it brings with it certain dangers. So there are arguments on both sides, there's not a clear do this or do that. But I believe that as long as we are thinking, the decisions that we make will hopefully be the best that we can make.

Employers bringing projections of inflation which are, funnily enough, almost always lower. Funny that, isn't it? I think the only way to counter that is to mount an argument against it and it's to say, ja, okay, but if we look at the last couple of years or even recent times, you'll notice that they constantly project and then they constantly shift their projection. So they have been predicting, forecasting, projecting that inflation will fall back into the target band in the third quarter or at the end of the year but they've been saying that for, like, two and a half years. So clearly there's a lot of flexibility with these projections, so they are not - and as I said to you, anybody who says that they know exactly what's going to happen with inflation is talking nonsense. And the current trends suggest that inflation is not coming down. So I think we just have to argue against it.

As for productivity bargaining, what does it look like? I'm not going to pronounce on that now, it was just to float an idea and I think that perhaps we need to go back. It's been done before, let's look around and see if anybody involved in it now and look at it and unpack it and see if we think it's a possibility, I mean, I don't want to say what shape it should take. I think it's a double-edged sword and we need to approach it quite rigorously because it's about measuring productivity, again it can be I think a political, ideological exercise. So we need to think very clearly and crisply about what shape it might take.

But my point was really, just to try and - I was hoping to get ideas from the comrades about what are our possibilities beyond inflation. Because I think we need to be thinking a little bit wider and that was I think the main sentiment I was trying to get across. That's all I have. Thank you, Cde Chair.

**CHAIRPERSON:** Productivity bargaining, does this relate to occupation-specific dispensation? I think we must answer that one.

**MR BODIBE:** Chair, I will defer to Trenton on that matter. Quick questions. The point I was making about the CPI is that - let's take, for example, the current figures for April. What they are basically telling us is that when we compare April 2008 to April 2007, inflation is now at around 10.4% but that doesn't tell us about inflation for 2008 because we are still in the middle of that year. So at that point, you can't say are you going to use average 2008 data because we are still in the middle of 2008 and that's where, for example, then the issue of forecasting comes into play.

You say, you're looking at the trends, I mean, since I think around November last year inflation has been going up and then you're looking at a set of prices that are driving inflation, it's food prices and also it's oil prices. And again you would then ask yourself what's driving these oil prices and what's driving these food prices and is that likely to change sooner or later?

If you're looking at the food prices, it's because we are now competing with the cars for food. Because there is a shortage of oil, now there's a shift of production towards bio-fuels, which is what you've seen in the United States, where a lot of corn is being used to produce bio-fuels and that is one reason why the price of maize internationally has been going up. Is that likely to change in the next two, three years? No, unless we can drive our cars using water. But that's not likely to change.

Two, why are the oil prices going up? It's because demand is outstripping production and

it is estimated that we are actually reaching a point where known oil reserves will be exhausted. Because remember, comrades, oil is not a renewable resource, once it's out, it's out. So unless we find alternative fuels to drive this economy or the global economy, the two main reasons why we're having high prices are going to continue. Unless of course on the production side we can find ways of increasing production, for example around increasing production of food.

But we already know that even in South Africa we already face a shortage of maize. And part of the problem why we face a shortage of maize is because we'd calculated that Zimbabwe will add to the shortage. Because remember, comrades, we used to import a lot of maize from Zimbabwe but Zimbabwe is going through - we all know. They drove people off the farms and so forth and production has gone down, so we are in a tight corner.

So therefore I'm saying as a negotiator when you're looking at this 10.4, you're basically looking at historical factors, you are not looking forward, you are just protecting relative to the past. But going to the future, there are many unknowns, as the former US Defence Secretary used to say. How inflation will turn around in the future, your guess is as good as mine. So that was the point I was making.

On the issue of trade. I think, comrade, you're correct that we continue - here's an irony and it's an irony that is also baffling even economic theory. According to economic theory, you must export goods in which you have comparative advantage in terms of resources, so we are a labour surplus economy, we have got a lot of labour. So in terms of trade, we should be exporting a lot of labour-intensive products. Now here's the irony. We are exporting more capital-intensive products, which means things that we use more machinery to produce, like minerals and we are importing many labour-intensive products from China. So all the toys, all the clothes and so forth are not manufactured here, to the extent that it's manufactured here, it's quite small. So it's one thing that we need to move towards more producing, one, labour intensive product.

But two, moving up the value chain, instead of exporting raw minerals, we may have to beneficiate here. And beneficiation there's economic cost, there's economic advantages of beneficiation but let's remember, comrades, we are in a global economy and in this global economy there's a global division of labour. The north always wants to preserve to itself the higher end of the value chain and the rest must be done by us, the hard work must be done by us. And until we change that global world order and one way of changing that global world order is that at a national level we must begin to beneficiate.

I mean, it's quite a scandal that - and this is an example I liked because it sort shows you the scale of the problem. Israel does not mine a single diamond but Israel has 40 000 diamond cutters. India does not mine, I think, a single diamond but it has over thousands of diamond cutters and polishers. South Africa, which mines and exports diamonds, has only 4 000 diamond polishers and cutters which means, even if we were to try to upscale the beneficiation, we don't have the skills. So it means we may need to look at that. For as long as we have this kind of situation, these trade patterns will continue. And for as long as our government believes that we need to open our economy and not try to push through a national agenda of protecting some of our industries, this trend will continue, we will continue to depend on foreign imports.

But in some instances we are seeing that even foreign imports cannot help us. Let's take cement, the price of cement globally is quite high and we are having a shortage of cement. Unless we increase our domestic production capacity, we will still continue to face higher prices of cement. And it takes about two years apparently to build a cement factory. And the problem is that the cement manufacturer was sleeping through the boom and only now are they waking up. So, it is that kind of trade trend that is creating this deficit.

Comrades, no matter how much our agricultural producers can be competitive, unless and for as long as they continue to face highly subsidised products from the European Union, they will not compete. That means that the state has to come in here. Remember, we removed all subsidies, we removed all price controls and we opened up the agricultural

market. But it's an agricultural market that is unfair and uneven in the sense that a farmer here in South Africa who's producing goods that are not subsidised, has to compete with milk that is produced in the EU and that is subsidised. So there is a very unfair trading regime here, so unless we change also that regime, our local farmers will continue to shift to game farming.

In game farming they make more than they would make if they continue to be in dairy for example. And that's why there's this production substitution. The Competition Commission is the body that investigates anti-competitive trends in the economy. So you can see they're beginning to bust a lot of them, like they busted Tiger Brands. But here's the problem though, the punitive measures, it's like they say, okay, it's 10% of your annual turnover, so by that calculation Tiger Brands is going to pay 53 million for colluding to fix the price of bread. But that money goes into the fiscus, it doesn't come back to us in the form of subsidising the bread.

But in addition to that, because Tiger Brands, and we've only got four millers in this country, comrades, so they still have a control. Even without fixing the price, they can easily pass on the cost of the punitive measure and they raise prices. And because they're the only suppliers, we are faced with the situation where unless we increase suppliers in the supply chain, this is going to be a pattern. But, however, it means they are going to be now more sophisticated because what happened is how they were caught, is because they were sitting in a hotel room, agreeing to fix the price of bread and somebody else decided to squeal, okay. So in this particular round, they may actually be much more sophisticated in how they fix the price of bread, so that's the issue.

On the issue of inflation, comrades, one, I said let's try to include more producers. Two, I said let's understand where the sources of the price increase come from, which means they are not going to be controlled by interest rates. In this particular case, we are importing the high fuel prices and for that reason, the Reserve Bank shouldn't be increasing interest because this is not domestic inflation, this is imported inflation. So they must be very flexible, which means that even the inflation regime must have an

escape clause. Where, to the extent that inflation is not caused by domestic factors, the Reserve Bank must have some kind of flexibility in terms of imposing that blunt instrument that they have, that's another mechanism.

Another mechanism will be to do that, increase the reserve requirements. So ask banks to put much more money in the Reserve Bank, than just raise interest rates. Because we know that interest rates affect - it's a blunt instrument that destroys growth that destroys employment. And at this rate, comrades, if Tito Mboweni increases interest rates next month, we are going to be faced with a situation where we have rising prices and slowing growth, which is what happened in the 70s. And when that happens, when growth slows down, employment is going to be cut, investment is going to be cut, so it will worsen.

For example, the Federal Reserve Bank in the United States has a broader mandate, it does not only have a mandate of looking at inflation. It also has a mandate of looking at growth and employment and if, for example, they see that increasing the interest rate is going to hurt growth and employment, they will not increase interest rates. They will actually reduce interest rates to help the economy adjust. If we had a Tito Mboweni managing the American Reserve Bank, the American economy would be in recession now. But because they have a flexible policy in the United States, they look at the fact that, okay, now we're facing a situation where many people cannot afford to pay back their loans. We are going to help both the consumers and the producers by reducing interest rates. Because had they increased interest rates, they would have worsened the crisis.

So think about it this way, comrades, in January your mortgage was about R5 000. Now, with these successive interest rates increases, it's about R6 000 and you only got R500 as your increase last time. So now you are faced with a real choice, either you cut your movie going and all of that, or you default on your bond. And it's beginning to show in the statistics, comrades, the number of failed loans and liquidations is rising because of the high interest rate. People cannot manage their debt because the cost of debt is rising and, therefore, isn't the point of that, that we think that the inflation policy must be

implemented flexibly.

At the same time, comrades, we don't want runaway inflation, okay, because that eats away at your income. And therefore we need to control inflation but it's debatable whether for a developing country like South Africa, should we reduce inflation to below 6%. Because to do that, we incur high costs, these things are not costless, comrades. When you increase interest rates, you hurt the economy and when you hurt the people who spend, the economy is going to slow down.

So that's the point that one wants to communicate across that we need a much more intelligent strategy that brings in industrial policy, competition policy as well as a very intelligent, rather than this one-way street interest rate regime which basically worsens the crisis. Because otherwise we're going to tip over into a recession, remember some people were saying we're going to be in a recession. And when we're in a recession it's the following. You have got two quarters of negative growth and now the first quarter was 2.1%. If interest rates go up, this year may be the toughest year since 2003. Thanks.

**CHAIRPERSON:** A hand of applause for the audience with its discipline, the good speakers, even though a little bit undisciplined especially Cde Oupa. But you see, he focuses more on political economy, so that's why he has to talk more but we shall invite him in our Collective Bargaining Conferences to capacitate us more, because he's got a lot to say, that he cannot say it now.

Because of the time constraints comrades, I was outsourced temporarily for this short-term employment. And certainly I have to announce that my short-term employment has come to expire and as it expires you will be proceeding to lunch. And I want to thank you very much for your discipline and I hope I also behaved well with a democratic, economic order by not suppressing the audience too much. Let's go again with a round of applause and then proceed to lunch. Ja, comrades we definitely come back at two o'clock, Should we vote for it? So the majority says twenty past, so let's come back twenty past.

Thanks.

**LUNCH BREAK**

## SESSION 2: BUDGETS AND COMPANY FINANCIALS

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CHAIRPERSON: MR KIMANI NDUNGU

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**CHAIRPERSON:** Comrades, welcome back. In this session we have extremely interesting discussions on two key things, we want to look at budgets and we also want to look at company financials. Because these are the instruments that you have to engage with, with employers when you negotiate around what precisely you have to make as your demands. Alright, we'll be starting in about a minute or so as soon as Cde Trenton distributes that publication, which I have to admit is a very useful publication on bargaining, so please use it as much as you can.

For this session on budget we have Cde Ebrahim Hassen, who was and still is a member of NALEDI. He is in the sense that from time to time we reach out to him, like now, and we call him to come and once again demonstrate solidarity with us. So on that score he still is with us and he's going to talk to us about budgets, reading and analysing national budget information. And as you can see Ebrahim is a research associate in one of the components of the Human Sciences Research Council.

Okay, let me hand over to Ebrahim to take us through the session and we'll engage with his presentation right after that.

#### **(iv). READING AND ANALYSING NATIONAL BUDGET INFORMATION**

**Ebrahim Khalil-Hassen, Research Associate, Centre for Poverty, Employment and Growth, HSRC**

Good afternoon. When Kimani asked me to speak about the national budget, the first question I had in my mind is, there's not much in the national budget that actually relates to Collective Bargaining if you're not in Public Sector. What I then tried to do is try to relate how we can begin to use the national budget and the information therein to deal with workers demands.

What I'm going to do is I'm going to go through what the budget documents are, what the key economic projections are in the National Treasury. We'll speak a little bit about the disagreements and the politics around those projections as well. And then to ask the question, so what? When I started, I said there might not be a hell of a lot in the national budget that's specific to your company or enterprise but there is information in there which we can use tactically in negotiations. And then finally, is to look at some key steps so that when you go back into your unions and you're sitting there with the budget review and the estimates of national expenditure, how you can through extracting information which might be useful.

So I thought I'd start off with a cartoon, this was during last year's Public Service strike, there's the Minister of Public Service and Administration, Geraldine Fraser-Moleketi. And it's based on this nursery rhyme Old Mother Hubbard's Cupboard and she's saying to the Public Service Union 'see, it's there', alright. This was about at the time when we were at about, I think the unions were at 12% and I think the government was at about 5%, right.

We know what happened since then, I mean, a major strike, one of the most important strikes since democracy, two and half weeks Public Service strike. We got up to 7.5% and what was very important in terms of that, technically it wasn't just the wage increase, they also created this layer of new jobs in the Public Service called Occupational Specific

Dispensation.

So what I'm going to try and do here is try and say the importance of mobilisation in meeting demands. You guys know that better than I do, I mean, as shop stewards, as negotiators, etc, research and information is a key part of those demands. For instance, within the Public Service wage negotiations, there was a huge amount of investments, particularly from the Cosatu unions but also from some of the independent unions, into costing government's proposals into developing alternative proposals, etc. And it's that link between sort of research and information on the one hand and mobilisation on the other hand, that's absolutely critical to winning demands.

So the budget documents, there are essentially two big documents, right, and they're literally quite fat documents. One is the estimates of national expenditure which provides you with the national level of estimates and that would be for each of the departments, from the Presidency to the Department of Welfare and the Department of Health, right. It also gives you a functional classification, I'm not going into the details of what the functional classification is, but it basically would divide the budget up into Administration, Social Security, Protection Services and Economic Services. So that's the first sort of division that you can find in the estimates of national expenditure.

Then in addition to it, just another way of presenting the information is called an economic classification, right, which then looks at dividing up the budget. So for instance you'd have the personnel, the personnel numbers, how much they're going to spend on consumption, how much they're going to spend on capital. And then the other document which you have is the budget review which provides a review of the economy, provides key projections but also sets out government's policy framework for the next year. So there are these two big documents, they're available on the Internet.

The good thing is you probably don't have to, if you go through the last section which I'm going to go through, you don't have to read through the 700 or 800 pages. You know what I mean, you're only going to be looking at specific sections. Let's look a little bit

more closely at the estimates of expenditure, in terms of the Public Service unions, right.

So that's the unions which are organising the Public Service, but it excludes SAMWU because SAMWU is in local government and Public Service is national and provincial government, right. There's a huge amount of information which we've used historically also, while I was NALEDI as well. There are three-year projections, so one of the things the budget does is that it gives the budget for this year and gives you estimates for the following two years, right.

It also gives us, for instance, estimates in terms of inflation, so basically what we're able to do is that we look at the budget in Public Service unions almost as it being the opening offer from government. So they'll have a number which 10, just as an example, they want to spend R10 on all Public Service unions for 2008. For 2009 they want to spend R12 and for 2010 they want to spend R14. And then you just work out the differences between that and you're able to get an indication of what the percentage increase will be. And then if you use the projected inflation rates, you'll be able to work out what the real wage rate is. It also provides, specifically for the Public Service unions, quite a bit of policy direction on the different sectors.

And that's going to be increasingly important from next year, once government actually begins to implement the Occupational Specific Dispensations. They're all still quite new and there are some issues around them but I'm not going to go into that right now. For the private sector unions, it really depends on which sector, in which sector you're working on, but there's no extensive information. And so, for instance, if you want something on mining, you're not necessarily going to find it within the budget documents. You're going to have to go through to the Department of Minerals and Energy and get the policy direction from there.

The key area is around policy that impacts on the sector, I think that's absolutely critical. And it's going to be an issue which you're going to find coming up more and more as bosses trying to defend their wage offers to unions. For instance, one of the things

they're likely to say is that logistical costs are very high, the cost of transporting goods is very high, as one reason why they can't give increases. The next one is telecommunication costs, it's also very high. And the truth is for both the logistical costs and the telecommunication costs, they are extremely high in South Africa. I mean, we can find ways around how we actually present that and package that but the reality is that they are high.

But in addition to that, for the working class it's obviously the issue of the social wage is important. And when we speak of the social wage, it's the wage you earn in your employment plus, in addition, social grants and additional stuff which comes from government. That's when we speak of the social wage. In terms of the budget review there are projections provided by Treasury on a whole range of stuff. I'm only going to look at two, the one is inflation, CPIX, and the second one is on economic growth. What the budget review does if you read the summary, it actually provides you with a really good, high-level summary of sectors in the overall economy.

So you're looking at reading about between 30 to 60 pages where you can get a good sense of what government's approach is to the economy, what they see as key constraints to economic growth, what sort of interventions they're looking at to increase economic growth. Of course you can disagree with everything they're saying in there and I mean, as unionists, we have previously disagreed with a whole range of assumptions that go within the budget documents. And I can go into that in terms of questions and stuff and it's quite specific just to look at what's in the budget review.

So if you look at some of the economic projections. The green bars are CPIX, that's the average for the year, and the blue lines are GDP growth. So, Minister Manuel is arguing that for 2007, the estimate for CPIX is 6.5 and in his opinion in 2010, it's going to reach 4.7%, so what you see, I mean, there's this whole inflation targeting business.

And remember the National Treasury has to send out the signal to the markets that it believes it can stay within that band of 3 to 6%, so this is primarily about setting out the

framework going forward. However, if you read yesterday, Stats SA released the CPI numbers, it's over 10% year on year. So that means from last year this time to this year, it's at 10% which obviously raises a whole lot of questions about these economic projections from the National Treasury.

Then the other one is GDP growth and why that's important is because in each of the sectors, etc, it's kind of a bit of a circular sort of argument. Companies will look at the economic projections and say if the economy is growing by 6%, they think that they'd be able to sell more products, etc. So that's why it's particularly important for wage negotiations because it's a clear assumption, particularly in bigger enterprises around what their wage demands are, or what the wage offer from employers is likely to be.

There again. you see it's going from the estimate for 2007, 5% and it goes down to 4.6% in 2010. This is critical for job creation in our economy because the assumption is that if we're going to reach the targets of halving unemployment by 2014, we need to have a growth rate of at least 6% for every year from 2010. We're not likely to get those targets but all of these projections are contested. So if you go to the private sector and I'm happy to send you some of those projections I shall include it. But if you go to the private sector and I'm speaking specifically around the banks, Standard Bank, Nedbank, FNB, ABSA but some of the asset managers as well, they do similar projections as well. And they were contesting Trevor Manuel's already in February when he did the budget speech.

And they're arguing two things. The one is that they're saying that inflation is likely to be higher. So from your guys wage demands, you're going to say inflation plus maybe in some sectors. So if inflation's at 10%, your bottom of the line increase that you should be looking for is 10% because that would be a cost of living adjustment. They're arguing that inflation is likely to be higher and that has implications for how you guys set your wage demands. Because I mean, one of the key sort of homework that you guys need to do is you would need to compare the national Treasury estimates with Standard Bank and other places and say, look here, across the board this is what we think the inflation rate's going to be. And then within you decision making structures, figure out if that is

something that you'd like to use.

At the same time, they're arguing that economic growth is likely to be lower and they have a whole range of reason for it. It's got to do with everything that happens in the US, the housing market for low income earners in the US is basically destroyed, in the UK as well. And that has an impact on us, I mean, it's a world which is integrated, etc, so there's a whole range of reasons why they say that economic growth is likely to be lower.

I'm putting this up here because you guys are going to face one major contradiction. The cost of living, according to the private sector economists, is going to increase but at the same time the ability of the economy to grow is decreasing. So if you want to use a sort of a more Marxist analogy it's a contradiction in capitalism. Because you guys are, on the one hand, going to need to meet the demands of your members but at the same time, you're going to need to pitch demands at the level which allows enterprises to make profits. That's not an ideological statement or anything, that's the reality of trade union negotiations and it's a tough thing to do.

Just to look a little bit more in terms of the sector information in this year's budget review. For all sectors there's data on import performance in terms of the sectoral breakdowns of economic growth. In other words how much is manufacturing or services contributing to economic growth. And there's also data on employment by sector. The Institute which I work at, the Centre for Poverty Employment and Growth, has some additional numbers on the website as well which people can look at. There's also some very specific information around mining, specifically looking at the trends and commodity prices.

And that's obviously important in South Africa because our biggest exports is stuff which comes out of the mines. And as long as China and India and the rest of the world are willing to buy all our platinum and gold, etc, people argue that our economic growth would still be moderate but it is not going to be anything which will absorb labour. There's also data in terms of manufacturing and there's stuff in terms of services as well.

This is all in the front part of the budget review, in the first two chapters of the budget review.

So what? Just so that you guys understand, that's supposed to represent a boss and that's supposed to represent a worker. Bosses are likely to argue, saying but the economy is not growing. Utilising the data from the budget review, a unionist should be able to make an argument that the economy is set to grow by over 4%. The 4% isn't fantastic but it's not like what your private sector counterparts in negotiations are likely to say in terms of the economy.

Okay, let's look at another one, another so what. This is looking at the issue of inflation, bosses are likely to argue that inflation is rising and so are interest rates. What happens there, I mean, interest rates go up people don't spend so much. So they're going to argue we are worried that consumers will stop buying which means that the ability of that enterprise to actually generate profits is limited, that's the argument they're going to make. What you need to argue, for instance in terms of the National Treasury projections, is that we disagree. Inflation is decreasing and in addition to that, our members have a bigger burden in terms of the impact of inflation. I think Trenton went through the desegregation this morning in terms of what inflation means for different groups, etc.

But this is just a couple of examples to show you guys how you could use this information in terms of winning arguments in your Bargaining Chambers. So, having done that, if you either get the document or you open up the web page, how would you then go about looking for information and data that will be useful for you in your specific sector?

The first thing to do is to identify the data on your sector from the budget review and the national expenditure survey. It's basically about reading and taking notes there's nothing more complicated than that. There might be some economic terms, as there always are, which people are not familiar with. And then it's a case of obviously phoning somebody to get it explained to you, etc. What's very important is to summarise available data from

the Treasury and here again, well the Public Service unions are not likely to have negotiations this year. But if you're in a Public Service union it will be a much more extensive exercise, you'd actually be looking into the statistical tables and working out what the personnel budgets are for - what the projections are from government.

Once you've summarised the available data, it's very important to compare that data with the private sector and the union information. The unions would have information, the private sector would have information and there's no rule in terms of this year. I remember a couple of years back we had this big debate about whether we should be using CPI or CPIX and it went on for the whole day. And then one of the union leaders stood up towards the end of the day said, you know what, let's not debate this year, we'll use what is in the best interest of our union.

So I mean, that's the basic point, you're going to look at the data from Treasury in this year. Because Treasury provides a more optimistic picture of the economy than a private sector economist, it will probably be a good idea to use stuff in the budget review, next year it might be different. But the key thing in negotiations and in terms of information, is that you need to have your one pager which summarises all of these estimates and you choose.

If you're saying that the Standard Bank data gives you the best argument to make, you use that data. And then you need to assess the sector, I think focusing on four key things. One is what is the union assessment of the sector. The reality is that there's some areas of the economy which are growing there's some areas of the economy which are not growing. In addition to that, there's competitive international pressures. If you look at some of the examples and I hope there's somebody here from the Automotive Sector. I'm just going to try and summarise, one of the agreements they've reached is around in car manufacturing is around teatime. Because in order for them to meet the demand for export contracts, they need to produce X number of cars that need to go out and in order to do that they needed to work out some arrangement in terms of their teatime.

In the Mining Sector as well they've worked out in some of the mines for operations to be continuous. That's basically because the deeper you go, the more expensive it is to pull out gold and you need to keep those jobs in the mine. So you agree to all of these things which are difficult choices obviously for the union to make. But I think what's important is that the union has to have an assessment of the sector, whether it's growing, whether it's not growing. Whether you guys think that the market will grow, whether you think that there are employment opportunities within that sector.

And then secondly, it's about getting those key arguments for collective bargaining and traditionally, and I mean, I've mostly worked in the public sector bargaining, it might not be true for the private sector. But the first few rounds of collective bargaining in the Public Service are all about what is the inflation rate, what is the Public Service transformation programme, etc, and you only start warming up after a couple of weeks, you see it might be true for the Private Sector, I'm not sure.

But within those first things, I mean, for instance in the Public Service wage negotiations, when you're speaking about what is inflation, it's actually quite a big issue. Because the public service unions have agreed to multi-year agreements that say that increases will be based on inflation. It says that you will use the National Treasury's inflation rate and then it says that if the economic conditions change, either party can re-open up negotiations. I don't think, though, we're going to re-open negotiations in the Public Service, myself. But it would be a very interesting exercise to say that CPIX when we bargained was around 6%, it's now 10%, we think perhaps workers deserve more, but I don't think that's actually going to happen.

The third thing is that it's very important to understand the limits and possibilities for collective bargaining. Sometimes you need to be focusing, not so much on the wage increases. Maybe what you want to do is you want to actually work with the private sector or government in NEDLAC to actually push through an incentive in your sector. Because I mean, if you want to protect those jobs, sometimes it's not just about the collective bargaining, you know what I mean. You need to understand this in terms of a

broader strategy around how you both retain jobs within those sectors but create more jobs.

It also, now that I'm thinking about it, I mean, you guys should actually ask Kimani, I don't know if there are still copies left. But on the website I mean, there are some wonderful sector studies on the NALEDI website, that I think go through about eight or nine sector studies which you could use in addition to this here. And they're quite detailed and they've been workshopped with unions, etc. Even if your sector is not covered, it will give you a sense of the type of issues which arise in different areas. And I think after you've done this here and the key thing is integrating the national government stuff with the private sector stuff and getting quite a complex picture of what's going on and making a decision. And the next section is then to move on to the company level information which is going to be happening in the next section. So I'd like to thank you for your time.

**CHAIRPERSON:** Thank you very much, Cde Ebrahim. What we're going to do for at least another 15 or 20 minutes is to try to respond and ask questions to Cde Ebrahim's presentation. As you can see, much of it is focused effectively on the public sector because national budgets are largely an issue of the public sector. But he has also touched on key aspects of the private sector and how this impacts on collective bargaining in that sector as well.

I'll take the hands in rounds, I'll take about five in each case. Please, comrades, be disciplined we only have two hours for the whole of this session. Make your question or comment as briefly as you can. Let me first move down the hands with Cde Mohau. There's one hand there, anyone else for this session? You're okay, the stuff was so good you don't want to ask any questions until the public service meets next year. Is that when they're negotiating again?

**COMMENT:** Yes.

## **DISCUSSION**

**CHAIRPERSON:** Alright, alright. Okay let's start with Mohau, okay, you take it.

**MR M BODIBE:** No, Chair, I think it's a very interesting debate that we are also thinking about in the public sector and I think it's coming out very clear. I'm not sure whether we were taken up by events during the strike period, that we didn't even search or check whether we have a provision in the agreement about reopening if the CPIX varies. Because in the previous time we had that particular understanding, but then you know that we signed under which circumstances, that particular resolution.

The question is, but it's just an input, that if you're organising a specific sector in the Public Service, you better also monitor the collective bargaining and manage it in the private sector strategically, so that you can play around with the market fore. Like for instance, in Health now, with the OSD, the private sector wants to compete with the Department of Health. So Netcare is also working around to recruit and retain those specialists in that particular area. So if you're negotiating both sides, you're going to use the scores this side to influence those in private sector to benchmark above what you have achieved with the OSD in the public sector and visa versa. So when you finish that side, you come this side, so I think that's a tactic that perhaps we should consider. Thanks, Chair.

**CHAIRPERSON:** Thank you, Cde Mohau. Any other questions? Cde Bethuel there.

**MR MASERUMULE:** Thank you. I was just interested in whether the relationship between bargaining and budgeting still has an effect on how we perform and achieve? And if there's a way in which we can get it right and whether there are any benchmarks, international lessons in respect of which public sector unions go about that relationship with success? Thanks.

**CHAIRPERSON:** Alright, I'm going to let Ebrahim respond to those in the first case.

**MR KHALIL-HASSEN:** Thanks. Thanks, Kimani. You know, when I was at NALEDI and I used to facilitate training workshops, when there were no questions, I used to start asking the questions myself as a facilitator. But I mean, the comment around the relationship between the public sector and the private sector, I think is an important one. I mean, in the sort of best case scenario, nurses in both sectors stand to benefit, because if it's raised within the public sector, the private sector needs to retain those skills because benefits in the public sector are comparable to those in the private sector.

On whether you can reopen the agreement based on - my recollection is that there is a clause in there but I might be mistaken. I see a couple of the negotiators here, they can perhaps - I think there is a clause in there. What's interesting that when Geraldine spoke at the ministerial briefing, she said Public Service workers are likely to receive above a 10% wage increase, right. I'm not sure why she did that because I mean, she's probably, obviously pre-empting it for some reason on her side and hoping that this thing doesn't get opened up.

And to come to Bethuel's question. Bethuel, if I understand the question right, is you're speaking about the fact that budgets are set and then we bargain after the budget. Okay, let me just explain the problem in a little bit of detail. The budget is announced in February of each year, we generally reach an agreement in the public service sometime in July for wage increases which start either in June or July. Over the years it's been different and one of the criticisms from the Public Service unions have been is that, they're not negotiating about how big or how small the budget must be, but rather just about the distribution within that amount of money.

It's a problem internationally for a whole range of reasons, one of which is that public service unionism is a very new thing internationally but you still have countries where public service workers are not even given union rights, or if they're given union rights,

they're not given collective bargaining rights. And you must realise, I mean, we only really started with this thing in 1996 in South Africa in terms of proper collective bargaining in the Public Service.

So formally, I mean, there's a problem right? I think with last year's wage negotiations we managed to actually, in practice, increase the amount for the distribution, so we managed to push that a little bit further. It's a problem all over, internationally. I mean, sometime back we looked at these issues, it's not an easy issue to deal with. One of the approaches would be to have multi-year wage agreements that links into the medium-term expenditure framework. So you only negotiate every three years and then the National Treasury has a certainty that these are the increases and so they will increase - they'll be able to budget for those increases. That's the one approach.

The other approach is that you actually bargain before the budget is finalised. It is a preferable one and I think it would shift the power significantly to the unions. But at the same time, there's no way that the National Treasury is going to agree to that, do you know what I mean? It's an option which we continue to speak about, but the reality is that we're not ever going to get agreement on that, because budgeting is a very closed process. Even our Parliamentarians, the Parliamentary Committee on Finance, doesn't have the power to amend budgets, although the Constitution says it has the power to do that. They just simply haven't tabled the legislation for them to be able to do that.

**CHAIRPERSON:** Do we have other hands? Well, they keep insisting next year for the public sector unions, you're going to have it bad. You'll be asked to cost, because that was one of the key questions in last year's big public sector strike, you have to cost. And I remember Cde Geraldine always saying that, but as Cde Ebrahim is saying this is the pot of money we have and therefore you've got - when you make your demands, you've got to think about within that amount of money that we have.

But I've noticed something that has been said again and again since this morning, depends on how many comrades have been awake since this morning, because they may

have noticed this thing, it came right from the beginning, not with Cde Frans, but it's happened with Cde Oupa, with Trenton and with all the questions that were raised. And that's the question of having the wage protection formula in the agreement, that has come, you know CPIX plus, in the agreement. Otherwise, having a provision to reopen negotiations, depending on how inflation goes.

And I think these are two trends we need to take a lot of notice upon because it's definitely a question of how well we can strategise our demands to avoid being locked up within a range of agreements and especially those unions that go for two or three-year agreements. So let's have that at the back of our minds as we go on. Do we have any other questions or comments?

**COMMENT:** Comrades, how much time do we have left?

**CHAIRPERSON:** About five minutes. Alright, can we ask you questions because you're at the front with Ebrahim? How much should we have settled for last year in the public sector? Look, we started at 12, we ended up at 7.5 and you know, it's all those things that happened, but anyway I think what I can do for now is to thank Ebrahim a lot. Can you give him a round of applause please? Thank you. We're going to have Ebrahim's presentation and we'll print it out and bring it tomorrow morning. So, Ebrahim, kindly save it for us on that laptop. I want to ask Cde Ayanda, is she here? Ayanda Madyibi? She's not here, it's strange because I haven't seen her and she hasn't called me to let me know that she's not coming. However, then what I will do is to improvise, we always have to make a plan.

**COMMENT:** Do you want me to improvise for a few minutes while you make a plan?

**CHAIRPERSON:** Yes, yes, yes. We're going to make a plan, I will actually take over this session and what I could have presented tomorrow morning in terms of wage trends, I'll present it this afternoon. So Ebrahim is going to have another two or three minutes while I collect my papers and all that.

**MR KHALIL-HASSEN:** Okay, while Kimani is getting ready, let's do this. Okay, I'm going to be this guy, hopefully I'm not as fat as he is, right, I'm going to make a couple of statements and you guys can respond to what I'm saying. What sector do you guys think I would like to be a boss in?

**COMMENT:** Public sector.

**MR KHALIL-HASSEN:** No public sector I know quite well, another one?

**COMMENT:** Food sector.

**MR KHALIL-HASSEN:** Okay, food sector. We were quite interested in the proposal from the Minister of Agriculture for zero-rating of chicken, which is actually done, I'm quite surprised about it. The problem is that if we zero-rate VAT on chickens, it would mean that we would lose jobs in the beef industry, because everybody is going to be buying chicken and they're no longer going to be buying beef, so we're going to lose jobs in the beef sector. How would you guys respond to something like that? The other thing is that I used to ask questions, but then if nobody volunteers, I also volunteer people.

**COMMENT:** My response would be that while we know that there's going to be a zero-rating on white meat, but it's not everybody actually who's in favour of white meat, we still have other people who actually go for red meat. So in a total nutshell, that doesn't actually quantify or maybe exempt an employer addressing on our proposal in terms of meeting the needs of our members in that regard.

**MR KHALIL-HASSEN:** Anybody else who wants to respond?

**COMMENT:** There are also countries that are supplying us with white meat, so we don't know whether the zero-rating will actually make it competitive with those in the countries that are supplying us with meat, because like Canada is sending a lot of meat

here. You find that they're still going to go for Canadian meat, this one after subsidy will still be more expensive for us.

**MR M BODIBE:** I think those companies selling that red meat should put more slots on the newspapers, marketing the benefits of the red meat, even on the TV slots. Even on Internet, for that matter.

**MR KHALIL-HASSEN:** No, I mean, those are all absolutely valid sorts of arguments which you can make. I just want to raise one other dimension here, but if you go back to the budget right, you need to say something like this here. You know the economy is growing or it's projected to grow by 4%, within that market what we see is, for instance, a lifestyle change. That's what these marketers argue.

You know, they speak about these black diamonds, I attended a presentation where they said one of the most important things about being a black diamond is that you shift from eating chicken to eating red meat. So red meat actually becomes for a lot of people a staple, I don't know if that's true, but you can see, I mean, the key thing is how you begin to integrate this sort of information. Do we want to do one more quickly, any other sector which anybody wants to have a go at?

**COMMENT:** Tourism in relation to hotels.

**MR KHALIL-HASSEN:** Tourism in relation to hotels. Restaurants and hotels. Okay, let us say it's a big hotel chain, right? Are we in preparation for 2010? As a company, we have a choice between rolling out additional hotels, which would mean more employment versus big increases for your members. So as a union, you need to decide whether you want to protect your members on the one hand, or on the other hand have more people employed within the sector? Anybody want to respond?

Okay, basically what I'm saying is that in the tourism sector, one of the key issues around employment is the fact that companies want to expand and they clearly see a market for

expanding and they argue that that's going to result in employment creation on the one hand. But when they come to the bargaining table, what they say is that you can either have these increases in terms of the number of jobs or you can have a big wage increase, you can't have both. And remember that as Cosatu, as a working class union, we don't only represent our members, we represent the broader working class.

**COMMENT:** My response to that will be that in order for the employers in the tourism industry to take their business forward, they would need to keep existing staff motivated, especially more so given that it's a highly services orientated industry. And secondly, in terms of the employment creation, they could also be at risk of losing employees to other sectors if the increases are not competitive enough.

**MR KHALIL-HASSEN:** Anybody else?

**COMMENT:** Well, I see this as a multi-skilling of the few staff overloaded and demotivated at the end, even though they've got a high salary but the fact is they will never be happy. At the same time, if the employers put burden of having more employees, lower paid, you'll still have industrial actions, so either way it doesn't help.

**MR KHALIL-HASSEN:** No, I mean, thanks, I'm actually really happy with those responses, because it means that people have actually got something out of the presentation, but I'll hand over to Kimani.

**CHAIRPERSON:** Thank you, Cde Ebrahim. One last round for him.

Comrades what we have to do now for this session is to, as I say, bring in what was meant to be there tomorrow morning, to this session and then hopefully when I get in touch with Cde Ayanda, I will remind her that she committed on behalf of Ditsela, to come and speak to us and so she'll have to do that tomorrow morning.

**(v). 2007/8 COLLECTIVE AGREEMENTS: WAGE AND NON-WAGE SETTLEMENT TRENDS**

**Mr Kimani Ndungu, Researcher, National Labour and Economic Development Institute (NALEDI)**

I want to refer you to two documents, you've got them already in your pack, one of them is a report to Cosatu's CEC. Much of that information is contained in these slides and the second document is something that has my name on it and I'm going to use - yes, this. So the slides that we have are taken from this and what is contained in this short paper is essentially a distillation in certain respects from the big Cosatu report, this is only 11 pages.

And in this, we're going to look at wage trends. The information that I used here comes from two sources of information that I have used to prepare the slides and prepare that paper. One source is publications, data from the labour force survey, quarterly employment statistics, income and expenditure survey and other sources. And then the second part, and we're going to come to it and you'll see it from about page 6 or 7, is actual information contained in collective agreements that you have sent to us. So far Cde Lucky Mosiane who has been working with me on this project, has managed to collect 50 agreements. Now we have 20 Cosatu affiliates and we have another large number in NACTU - no, not a very large number. But we do have another large number in FEDUSA.

But for the Cosatu affiliates, some of you comrades who are here have not given us your agreements. Most of you have but some of you have not and we really need that information, because one of the big criticism we get all the time is, we come, we speak trends and all that, and the one question that always comes is, what's happening in our sector. Now stop telling us the big picture, that one we can get from the Internet, where is our sector? I will name some of those comrades who have given me a really hard time in

workshops, which is good for me as well, but it means that we need those agreements so that we can look. Say it's Chemicals: CEPPAWU, or Wholesale and Retail: SACCAWU and others, Mining: NUM, Manufacturing: NUMSA, the rest of you. Go inside and look at what have you agreed with your employers and we can use that information to inform you what is happening.

Now, looking at the word 'trends', what we see there is how real wages, actual wages have been happening since at least 1995 up to around 2005 and as you can see, wages have remained fairly moderate. In other words, we haven't had a huge, I mean, generally about workers, I'll come to executives a bit later, their trend is very different from what we see. But wages have remained quite moderate, you know they've just risen up by very small margins, in certain cases they've fallen.

But the wages of white male workers continue to be the highest, followed by white female workers. And African female workers, as you saw from that slide, from that graph, again are at the bottom of the pile; very much a legacy of apartheid, the kind of apartheid labour market that we had. And that means we really haven't shifted the structure of both the apartheid economy and the apartheid labour market to a very large extent. But also in relation to women workers, their wages experienced a much sharper fall, so that by 2005, if you take the wages of women, women workers, their wages were generally lower in comparison with the 1995 levels.

Now let me come to something that for you, comrades, it's a bit controversial, because when we go to look for these sources of information, they can be misleading. There is something that I mentioned a short while ago called 'the quarterly employment statistics' and this is a publication from Stats SA which collects information from the formal sectors. It speaks to employers and then it looks at the number of people employed, it also looks at income, that is wages.

If you go to the latest quarterly employment survey, December - I think there should be one around March. But if you go to the QES of December 2007, it will tell you that the

electricity - I think it's electricity and telecoms and gas, they pay on average the highest wages, the electricity sector, the utilities, as they call them, sector. And that on average they pay around 16 000, average to workers, so those should be the best earning workers in our economy.

And mining had the lowest, at around 5 820. Remember, this is an average from the formal sector, because it only looks at the formal sector. But then if you go to the labour force survey, the QES looks only at about maybe 6/7 000 enterprises, if not less. But if you go to the labour force survey, which looks at 30 000 or so households, it paints a very different scenario. It tells us that, number one, for example, if you look at workers in the construction sector, by September 2007 at least 34 000 of them had no income.

And I know this sounds like a contradiction, do you know the concept of the working poor? I'm sure most of us must be obviously familiar with that, you're working, but you're poor, you're absolutely earning no income, because probably the income you earn is so low. it doesn't make much of a difference. And you'll remember Cde Oupa speaking this morning talked about the kind of people who are counted, including beggars. So they'll go to the robots and they'll count the two beggars, did you earn an income in the last seven days, good, you're a worker.

The same stats, by the way LFS is published by Statistics South Africa, says that 25 000 workers in the utility sector, remember utilities, they were earning 16 000 according to the quarterly employment statistics but 25 000 actually earn less than 2 500 a month. And if you go to construction which is where a lot of exploitation amongst others takes place, I know security is other sector, farming and quite a few others, you find that almost 700 000 workers earn less than 2 500 a month. So these are quite graphic figures that give us the reality of the wage levels that exist in our labour market.

Now that compares two sectors, utilities the highest earning and now as you've seen construction, a huge number of workers are earning almost nothing. And as you will see, if you look at this here, you know if you want to use - using 2 500 or less as a working

figure, at least - now where's this, I think it's construction, you see 54.3% of workers who will translate into a quite a large figure, earning 2 500 or less. Utilities, a much lower figure than that and the number that earns more than 8 000 is higher in electricity or utilities as compared to those in construction. So we can assume that the workers in construction who earn that amount are likely to be managers and engineers and others, not the average worker.

Now what about the monthly income, generally. I mentioned this in the question I raised earlier this morning to Trenton, but you can see that a very large percentage of workers earn around 2 500 per month. In other words, if you combine the whole of the number of the people who earn less than 2 500 per month, you get almost half of all workers in the economy. Now I don't know how much 2 500 can support, what is the average family in our country?

**COMMENT:** Four.

**MR NDUNGU:** Four - who does that constitute? Mohau says six to ten, I'm not sure which family he's referring to, okay, extended family, six to ten. So just give us a working idea, how many, what's the average, just an average? Six, okay, let's say six, so that would be at the risk of being accused of being unconstitutional, would be the father, the mother, the children, the aunts, six. At 2 500, how many of those can you support? Food, rent, transport, schooling, all that. So that's why I think we're confident in saying workers earn very, very little wages, really wages that cannot support them.

Now, looking at those who earn at the bottom of the pile, mainly the black African workers, by September last year, the labour market had around 9.5 million black African workers. I'm using black because we're all African, black African workers, around 9.5 million. At least almost 300 000 of them were earning no income at all, but they are being counted as workers, earning no income at all and that number makes up the entire number of people counted in the labour force survey, it makes up almost 100% of them. So again, this tells us that the continuities of the apartheid labour market are very much

evident in the labour market post-1994.

Now the majority of African workers earn around R2 500 or less a month. Only a very small number of them earn above R8 000 a month. I think BEE might be somewhere there, the 8.1% or where would the BEE be? Is there anybody with a BEE deal here? Cde Eddie, you don't. So you can see again the number that really earns any income that would give the workers a reasonable standard of living is very, very low. Again, very low wages means that the majority of African workers have very low family or household incomes and that figure from the latest income and expenditure survey tells us exactly how the things are.

Again, look at white households at the top of the pile around R280 000 average in a year. At the bottom of the pile, black African households at R37 000 a year. If you divide 37 by 12, you get roughly around 3 000. If you divide 280 by 12 you get probably 20 or 20-something thousand and that's an average. So what does that - sorry, just before I come to that, what you see then is that and I have the figures there, I'll just quickly try to read them, on page 5 of this document that I've written. Then what we have is that white households earn on average two times more than Indian households, three and a half times more than coloured households, I'm using these terms because they still remain in our classification, they're not necessarily correct, politically correct. And almost seven and a half times the income of black African households. So again inequality, huge levels of inequality and we'll look at the wage gap in the next few slides.

Again, comrades, what the wages show us is that there's a very strong connection between income and skills, skills retention. In the slides I'll talk about some of the agreements that I've seen mainly in mining, I think a bit in chemicals probably, manufacturing as well, where you agree that you need to put into place strategies for retaining skills or attracting certain skills, mainly artisan skills. And then we look at what that does to wage inequality, as well as raising the wages of very specific categories of workers.

Now, looking at the connection between income and skills, approximately 80% of those earning above R8 000 are the very highly qualified people, legislators that's our members of Parliament, senior officials, managers, professionals, technicians and clerks. But again, if you go and look at those who have lower skills - sorry, if you still look at that category of professionals that earn 2 500 or less, it's a small figure. But if you contract that to domestic workers, around 42% which is fairly big figure, I'm sure I have given the numbers in the paper or at least I should give it, I'll look at the data, is that around 42% of them earn R2 500 or less a month.

So again that big connection between your ability to earn a high income, depending on your skills and this again continuously widens the wage gap. But also there's a trend that's emerging, which is a rather interesting trend, where wage inequality between African workers has become much higher than wage inequality between white workers and African workers. And I think the kind of promotions, the BEE, the affirmative action obviously has contributed a lot to that.

Okay, now let's look at the wage agreements which you have submitted. Admittedly it's a small number of agreements, so I've tried to include in the paper some information from LRS but looking at the ones that have been given to us, as we have argued the settlement from that number looks to be around 7.5%. I mean, there are certain unions that have settled for up to 9/10, like in mining, others settled for 8, public service settled for 7.5%, so we have those variations.

In 2006 the figure was much lower at about 6.3%, the LRS says the figure was around 6.9% but remember again, the discussions we had in the morning with Cde Oupa and Trenton around inflation. So if in 2007, let's use a working figure of 7.5%, we settled for 7.5% on average, but inflation in 2007 was 6.5 CPIX, CPI was 7.1, 6.5. It means then that the wage in 2007 was about 1% only above inflation, very average, because if you go, as we argued during the session with Trenton, poor people who spend the bulk of their money on food, naturally had a much higher rate of inflation that the average that we see.

Now, I've mentioned LRS. And then CPIX often being used as the tool in the last, about 5 or 6, 7 years, a lot of phase in the CPIX, but I don't want to say that it's because the unions and us believe in the CPIX, it's because I think we don't have any other alternative, at least for now, in our thinking. I'm sure that if we can creatively explore the alternatives that we have, we can use them and that's what we need to do, out of this collective bargaining workshop.

And then certain sectors, as we know, pay extremely low wages, security, wholesale and retail, which again is a big contradiction because when we look at executive earnings in the next few slides, you'll see there's a lot of money being paid to executives in retail but workers earn very, very low wages.

Now, executive pay. This is 2007, on average, average CEO's in 2007 got a 14% increase, but please note one thing and I know - I hear comrades using this all the time, let's use 10%, it is a better working figure. 10% of 10 million is different from 10% of 1 000, so that executives don't fool us, ah you know we've got a 14%. I'm sure those executives in retail - who's from retail? SACCAWU, oh, they said they're not going to come here, they're going to fight it out with their bosses. Remember in retail in 2005, CEOs earning about 50/60 million. The banks also, a huge amount of money for executives. So 14% is not a small amount.

If we're talking about the average increase in 2007 for executives, CEOs that is 6 million, as you can see there, it's around 6 million. Meaning that this was a rise, a 14% increase from probably about 5 and something million in the previous year. So what does this tell us? In 2005 and 2006, that is before the chart that we've seen there, CEOs got a 34% increase, that's when the economy was booming, 500 000 jobs, GDP at about 5% and the rest of them. In 2007 they got 14%.

Now in 2006 workers got 6.3%, in 2007 they got 7.5%, so the bosses are still 100% above us in terms of the wage increases. LRS said in 2006 that the average CEO was earning around R8 million a year, oh how I wish I was a CEO, because with that kind of

money - what normally do CEOs buy? Think of the Fidentia boss, what's the name of that chap? Brown. You know, they buy quad bikes and like ten holiday homes, and so many different things and buy lions which then eat the workers, like what happened a lot in the North West. I don't know if we have comrades from the North West. But that's the amount of money, average that the CEOs were earning then.

And therefore, I would tend to agree with the LRS when it said the average worker needed to work 273 years to earn what the CEO earned in one year. You would need to live 273 years, what is the average life expectancy? 40, so you would need to die and continue living in spirit for another 10 more lifespans to earn what the CEO earns in one year. But also for the public enterprises, state-owned enterprises, Eskom, Telkom partially privatised, Transnet and others, the averages were around 5 million a year. But still, municipal managers themselves don't want to be left out. It's like a big casino ride where everyone is cashing in, if you're an the executive and were earning the amounts around a million a year.

But let's quickly look at the wage gap. This morning we briefly talked about ATB and the differentiated one, which other one do we use? There's differentiated ATB, what else do we use? Also the two main ones, if I'm right. Sliding, sliding is the differentiated one, where say if - for the Grade A worker they get 10%, for Grade D which is higher, they get 5%, sliding scales. Now, the - OSD kind of gives a wage a much higher value, is it?

Now, the public sector, in 1995 the wage gap in the public sector was 16:1, in 1995, 16:1. In other words, the DGs and others were earning 16 times more. And we get our government and there's a lot of noise about closing the wage gap and you know, a lot of campaigns and ten years later, if not more, it's 30:1. NEHAWU should tell us what to do about it. So instead of closing the wage gap in the public sector where admittedly we got more power, because we're in control of the state, it's widening now.

In the private sector, I've used a 20 year span, around 1985 some of the writers have said that the wage gap was 6 to 1. It may obviously have been higher but this is average, 6 to

1, and you would understand those job reservations, skills reservations, training and all that. 20 years later it's 700 to 1. So when you talk about incomes and inequalities and social exclusions, these are the realities that we find. But what is more worrying is that unions seem to have no strategy to deal with these problems. I stand to be challenged.

If any unions here have consistently said this is our strategy, we're going to close it down - I've seen a few closes and I mentioned them in this paper. I know those comrades from those unions you'll say, but you're wrong there, you're wrong, but we did and we can pull those agreements. They have a line that says we will investigate ways of closing down the wage gap but you can almost see no heart. You see no faith, no passion to close down the wage gap.

**COMMENT:** I think this is an area where NALEDI is going to be very important because if you look at our clause, actually we are one the unions that they mentioned. The mining sector, a few of them that were engaged are saying they are not unique in terms of the wage gap. They are saying it's a South African phenomenon.

Now, they agree that investigations should be conducted so that we understand the background in the context of South Africa. So they do admit but the 'how' part of it is going to be tough. So NALEDI is going to be - because, for example we're know there's a Cosatu standing resolution and Cosatu also should come in here to help because we can't push. We can push in the private sector but they are saying what about the public sector and as you are saying, I mean, many things are happening in the public sector as well so it's a huge challenge. We do accept that's it's a challenge and we have to stand up.

**CHAIRPERSON:** Perhaps, as the comrade is saying then we need to find those strategies out of forums like this one to say when we go to negotiate, how should we structure our demands so that the overall effect will be to start reducing the wage gap. Now interestingly, let me see if I've said it, no.

But interestingly, it's in this paper, looking at all those agreements that were sent to us the

absolute majority, we're probably looking at about 35 or 36 or 38 of them, are ATB. Now I don't want to give the demerits or merits of ATB but what ATB does is that if you remunerate everyone in terms of increases using that skill, then you maintain the gap and a lot of agreements are across the board, they're not on the sliding scale.

Now let me also mention looking for ideas, what should we do. The SA Labour Bulletin, Cde Kelly was here in the morning, she's left, she's coming again tomorrow morning, there is an article there on the wage gap. How do I know? We were asked to write that article so I'm kind of beating my own drum at NALEDI, and other articles are coming, probably two or three more, and these articles attempt to trace the wage gap problem and then try to provide answers.

We went around, we did interviews. We did interviews in mining, public sector, NEHAWU and a couple of other unions. We spoke to them. We also spoke to some of the bosses, the ones in mining and others, and we tried to speak to the public sector and we couldn't get anyone, to ask ourselves what drives this and what can we do about it and there are a number of interesting perspectives that you find in those articles. So tomorrow if you get a chance, attempt to get a copy from Cde Kelly of the latest edition of the Labour Bulletin.

Now let's quickly look at non wage trends how they move towards closure. I've just highlighted a number of things. I couldn't look at everything, I mean, there are so many things that get raised in collective agreements, I'm sure you'll agree. Yes, comrade.

**COMMENT:** Comrade, as you continue telling us about the closing of the wage gap, I get worried because you see other gaps are existing because of the work of people that they are doing. How complex is it and the qualification and the skills that if you really say you're close how are you going to ensure that at least the one who actually stayed in a university or maybe wherever and acquired that knowledge and the experience is actually having that preference, you see.

**CHAIRPERSON:** Let's get into the debate. I know someone will bail me out, I know someone will. We must not be graduates anymore.

**COMMENT:** Thank you. The other element is some of our members, what they did we were utilising the sliding scale and the members said those who are earning higher, they said now we are losing on the other hand. as what the comrade has said. and immediately if they see that maybe you take your CPIX to say it was 6.5 maybe the previous one. Now when you say an average of maybe 6.5, then that person is maybe getting 4.5% increase. Now what are you doing with that percent? So that is where most of the problems now are coming and they'll start to say we quit the union then. So what happens to the union?

**CHAIRPERSON:** A very complex class structure. Cde Mohau.

**MR BODIBE:** In keeping with this debate I think from JZ, I don't know whether it's JC or JZ.

**CHAIRPERSON:** JZ.

**MR BODIBE:** He'll be our next president in any case. Chair, what I'm saying is that you see we need to focus on the document that you're going to present tomorrow from the Nursing OSD as a pilot because it's a trend of the public sector now to say let us go specific now to the occupations and in one instance the wage gap will even be surpassed from - it will be the opposite now.

The lowest paid will be the highest to the highest paid because even the CEOs are going to get less money than what the specialists so called junior category of workers were getting and it's exactly happening now already with the OSD. So we need to analyse these OSDs in context and see whether we can't use it as collective bargaining strategies to address this wage gap. But I think our presentation tomorrow will highlight that.

**CHAIRPERSON:** Okay, at least you have some way forward. This comrade and then

there was someone else and then we'll come to you.

**COMMENT:** Cde Kimani, I think I'll respond from the perspective of NUMSA's view. We shouldn't lose sight in a sense that we have got what is called the Skills Development Act. I think the critical part that we need to start addressing ourselves is around the question of career pathing because that's where you start benchmarking and the way we have approached as NUMSA is that you benchmark with an artisan's rate, where we are saying in NUMSA a lowest earner should be able to have a 60% of an artisan's rate.

That's the first part how you start addressing your wage gap. And at the very same time we're saying that there should be 10% differentials between the grades because it's the aim and objective of each and everyone that to manoeuvre within the organisation, to grow with the organisation. That's the first thing when you go for an interview, what's your vision within the organisation, I want to grow within the organisation.

So there must be a career path and you should be able to know your organisation from A to Z. That's your multi-skilling, multi-tasking that comes into place. So in that particular scenario, yes, we respect in terms of you might have people and Cde Oupa earlier on mentioned that you've got a person who's got 50 years and 25 years in an organisation and he's teaching a student from university the same particular job and he ends up being a step ladder. Now when are you going to recognise this particular poor person? Whether we like it or not, even 50 years to come we're still going to have people who are illiterate but on practical, in terms of jobs, they are skilful. Then how do we put aside those particular people and recognise the knowledge that they have?

**CHAIRPERSON:** I agree. Was there someone else?

**COMMENT:** I think the across the board, the ATB which we normally talk of, in most cases its within the bargaining unit and the gap, which is a serious gap which is going to be difficult for us to close, is between the bargaining unit and the upper officials and we do not have much influence in determining their increase.

So when they give each other increases, we think closed doors, we are not very much aware of that. So that's why then the comrade there was saying when we start sliding the scales of the increase, other comrades on the upper echelon within the bargaining unit, they complain. But I think the gap which we are very much concerned about here is the bargaining unit workers and their CEOs, whom when they give each other increases we do not have the influence in. How then can we influence or to know how much increases are they getting every year.

**CHAIRPERSON:** I've got to move on. I don't have answers, I'm not even trying to suggest any answers. Those answers must come from within all of us.

**COMMENT:** I think it's a great injustice for a CEO to receive a percentage increase on a base that is 200 or 300 times higher than the average, when the average worker out there is getting a far lesser increase. Sometimes it's not even keeping up with the CPIX. But what the other comrades have said is, if I could sum up, is we can't look at those in isolation. We need to look at various things together, including skills development and we cannot tackle this alone. I think we need to tackler this as a sector because often what employers are doing is they're comparing themselves with the market or the industry or the sector and if we can tackle this as one union and one sector, that's the only way we're going to get it.

**CHAIRPERSON:** Alright. I think most of those strategies, in the next one day as we discuss those strategies that unions have adopted, we should look into them on a sectoral level, what kind of progress are we getting, those unions which have been trying to somehow deal with the problem. I don't think we're entirely going to be able to close down the wage gap because the structure of our capitalist economy won't allow, in my view, that we close the wage gap. But it doesn't mean that we should not do something because the kinds of inequalities that we have also mean that we have a lot of social exclusion, people socially excluded because of the kind of low wages they earn.

But very quickly, the last three slides. Issues like HIV and AIDS don't seem to be getting a lot of attention. Now I know unions may have negotiated them in previous agreements and I haven't looked at those other agreements like from three or four years back, they may have. But certainly the ones that I have looked at, there is very little attention being placed on the problem of HIV and AIDS and its impact on two things or two areas, one at the workplace and second at the household.

Some of the unions have some policies like SATAWU in the transport sector. I think also other unions like SACCAWU with Pick 'n Pay and a couple of the big retailers, certainly NUM and others. But I think what we don't see is how this is implemented in practice. But also I found something interesting on the HIV and AIDS problem and the way the agreements are, the fields that I've mentioned are not about assisting workers, say to access ARVs.

Now let's not get into the politics of ARVs, whether they are poisonous or not. There's one man who's very good at that debate, Cde Thabo, so I'm not going to deal with that. But let's for now assume that workers, actually accept that workers need access to medication, to drugs. The agreements that I've looked at don't do anything on that. They'll say that the employer and the unions will assist the workers to access medication without saying the source, that is there in the paper, without saying the source. My assumption is that the subtext means the state.

I don't think employers, and you are much wiser than me on this one, I don't know how many employers have said, here is our 2 billion for medication treatment. A lot of the talk in the agreement is about education, which is good. Prevention, if we can do it, is very good but we have workers who have HIV and AIDS but it doesn't seem to me that employers are prepared to commit budgets to assist workers or to give workers access to medication.

Skills and training. We've talked about it in terms of enskilling workers which will contribute towards the reducing of the wage gap. Unions, most unions are looking at

ways of creating a developmental framework. Again I'm speaking under advice because there maybe previous agreements and if you have them that have frameworks for skills and training, please send them to us. But certainly the ones that I have looked at have very few strategies in place.

RPL, some of them have got RPL, some of them ABET. The one thing that comes out very clearly, and this is in the BCA is study leave which is a very innocuous and very innocent thing; no, you can get your study leave and go. We're not talking about study leave. If we talk serious about enskilling workers, we talk about having frameworks of training and the agreements don't go into a lot of that.

Study leave provision, I've mentioned that. Evidence to retain skills in certain sectors. I think that's also coming out very strongly in some of the agreements and I've mentioned it. Let me proceed towards the last few slides. Labour brokers. A major problem and challenge for unions especially in services. We've seen the big strike in Tshwane, SAMU, around the employment of labour brokers and casual workers and others.

But of the agreements that we have looked at again, very few unions have provisions seeking to regulate the use of labour brokers and contract and casual workers; very, very few agreements. I don't know whether it's a lack of attention on the part of unions and I hope I'm not just criticising. There are very many positive things that are in the agreements. But I was trying to look at those things that stand out, okay, not the performance bonuses and other things but let me leave that aside for now. Let me look at a range of other more prominent things that are coming out now.

But knowing that our economy has regulated itself in certain ways, employers prefer to employ casual workers, contract workers, labour broker workers, the whole range of non-standard workers and yet we don't see major attention being placed on that line by you, comrades. Then, something that's coming here and this reminds me of what Cde Ebrahim said and I think also Trenton mentioned this earlier on. And Eddie is here, he's a big one in collective bargaining. Isn't that so, Eddie, at NUM? But I've noticed something

interesting. The agreements, especially in mining, where the union, NUM, Solidarity, will support the employer to vary the conditions of employment and a number of them are there; overtime, night time work, meal and rest periods and I was thinking in my mind why.

I couldn't get the answer because it doesn't stand out, it doesn't jump out in the agreement. So I was wondering. For instance, I'll give you one example that's in one of those NUM agreements that says - I think it's in mining, they are going to apply to the minister for night time work. You know that from 6 o'clock any work done between 6 in the evening, and I right, and 6 in the morning is night time work. So it's remunerated differently. But now in the mining sector employers want to push back the time to 4 a.m. in the morning.

Now Cde Ebrahim talked about the limits of collective bargaining. You see, we don't want to bargain ourselves out of existence and these are the contradictions that we face in this kind of economy, where we are trying to push our demands and employers on the other hand and Cde Frans mentioned that in the morning about the conflict that's in there, the contradiction. We're trying to push for those demands.

Employers themselves come and say, but we cannot give in to these demands because then we're going to lose, you lose jobs so we're forced to compromise. But maybe, Cde Eddie, you can put us wise on this one. Why did your comrades agree on that? I was thinking about night time work as one example. Why did you do it? Maybe just tell us. Why, it's there in those agreements? I'm wondering why vary those very basic conditions.

**EDDIE:** Look, Chief, maybe it's something that we have to look at as a union. I mean, if you recall in the 90's especially in gold mines, you had this gold crisis and you had other gold mines, the rich gold, the poor quality gold being left out by companies and they focused on rich gold and there was a serious threat to workers' jobs.

It's something that we have entered during that time. I mean, 95, 96, 97, companies

insisted. I mean, if you think about Harmony, for example, they were about to close many of their mines in the Free State areas and so on, including Anglo Gold. Now, at times as a union, you then had to choose between your demands and the employment of workers and we were forced to support certain exemptions actually.

But I think key to them was your Sunday work, for example, because some of them said, our mines the way they are designed, they are designed to operate continuously so that the lifespan of the mine can be extended. Now as a result, they will need support from the union for exemption for a minister on certain things and because of that we had to do that and mining actually lost thousands of workers, I mean, close to 300 000 workers I think between 95 and so on and as a union we had to think.

So that is the reason. But currently some of the mines are now much healthier and partly it could be because we have supported them to sustain the life of the mines. But now there might be now they're ripping workers now because the gold price and everything has gone up. Now maybe as I'm saying, we may need to revisit that and say they have to pay high for these exemptions. But that's the reason, Kimani, unfortunately.

**CHAIRPERSON:** Thank you so much, Cde Eddie. I think what this does is that in certain ways it shows us the limits of collective bargaining and that we are forced to make concessions. But at the same time, we have to think of the implications of these concessions and perhaps when we make the concessions, a few years down the line revisit those concessions because we may make them because the objective conditions at that moment require that we do that. But then what happens?

Cde Oupa talked about the Sasol thing where we are still subsidising Sasol. Now what does Sasol do? They've got a windfall, they share the profits. It doesn't come back down to it. So why are we not revisiting that? So also in collective bargaining when we make those concessions, we've got to think about the implications down the line.

Now in conclusion, comrades, and we'll have about five or ten minutes of discussion and

we'll break for the day, collective bargaining, in my view, is still the most viable tool for advancing our rights. It's such a central issue and a central instrument in advancing worker rights and interests. For most workers, quite frankly, the increases have been very modest. If I'm wrong please let me know. But just looking at those average increases, they really have not amounted to much for most workers. It's different if you're earning 20 grand a month and you got a 7% increase, it's very different. But certainly you're not like that worker in security who earns 1 500 a month and that's the majority that we're looking at. Executives themselves, they continue to earn very, very high packages. It's interesting to see whether that will go down, now that the economy is slowing down. I doubt it will. They still are going to earn a lot of money, even for the next financial year.

The wage gap continues to widen, that's quite real. Critical skills shortages in certain sectors are forcing unions and employers to come up with the strategies of skills attraction and retention. But what it does is that without addressing the other categories of workers and enskilling them or giving them higher wages, is the more you retain, especially those artisan skills and reward them at a much higher rate, the more you widen the gap, intra-wage gap between workers. And what does this do to worker solidarity? That's the question we have to pose at the top of our minds.

Then finally, it seems to me that not much attention and effort is being placed around the problem of HIV and AIDS and let's discuss about that. Let's see in what ways we can continuously halve demands, non-wage demands that speak to specific challenges that affect workers, probably much more strongly than we tend to think when we have our bargaining rounds. I'll leave it there. We'll have five or ten minutes of discussion and then we'll do a closure. Thank you, comrades.

Ebrahim, do you want to handle the questions? You'll facilitate the discussions.

## DISCUSSION

**MR KHALIL-HASSEN:** Can we take the first round of questions.

**EDDIE:** It's not a question, it's actually an input. I think it's high time in support of what the comrade was saying about the career pathing and other things, I think it's high time, because remember in the past unions focused on money, increases. I can tell you, even today we still have organisers within the NUM who negotiate a one-page agreement which says the parties agree to a 10% increase and it's as there and that is not on.

Now we have broadened our demands, we have included even social issues and so on. Now, I think it's high time that the issue of skills development, although sometimes members because they want money, they will put pressure on you to compromise on other things, withdraw certain demands because they want money. But I think the issue of skills development is crucial. Now I think perhaps some comrades here will agree with me, those who are sitting in the SETAs, that employers still have total control of skills development in our sector. They still dictate. Actually most of the time, engaging the SETAs is about the targets of training the workers. There you get all these very heated debates because employers do not want to move on the training of workers.

Now, the issue here is that the comrades are saying and another comrade was talking about skilled people who are being preferred because of their skills qualification. Now the question is, as a country from before 1994, how much have we moved to close the skills gap because you can't talk about a wage gap without talking about a skills gap as well? Because it is that skills gap that actually - and which is deliberate, that creates that wage gap because employers want to justify why the skills gap is there because they will talk about qualification and all those kinds of things. That is very crucial, I think.

Now, the issue of artisan, scarce skills and critical skills, a few years ago Cosatu and other unions argued that you need to train and train and train. But employers were able to convince the government that - and if you look at the National Skills Development

Strategy, the first phase which for me was a bit radical, so for me it was a bit weak because the government now considered this thing of demand and supply of skill. Now they are saying you can't train in excess of what you have because where do you place those people. That's the argument.

Now what has happened today because the argument was saying you can't train more people, what do you do with them. But what are they saying today? Skills shortage. The same argument. Now, it means as unions we must grab this skills development from the employers because you can't allow your former oppressors to drive transformation. You can't do that. So you must scrap it and become our own - at times we wish to see a strike about skills development, not about wages but about skills development because that's very crucial.

Now lastly, Cde Ebrahim, I think in our agreements, we've got some agreements around HIV and AIDS. Maybe the mistake is that because some agreements are so thick, you can't put them in a wage agreement, they negotiate it separately. A wage agreement can make reference to that document. Maybe we should also follow those agreement too because we've got what we call a comprehensive healthcare system, for example, which is separate which deals with your incapacity, all those kinds of HIV and AIDS and how do we give treatment and so on, which is also extended to the family of our members who are at home.

So what we are saying is that in that agreement it also says that the company will also give healthcare to the families of these workers who are at home in different places. So there must be centres around the country where if I'm here, my wife can still access medical care from where I'm coming from. The agreement is maybe just to forward them to you so you can look at it.

**MR BODIBE:** Rolling it from the comrade, I think it's very correct that the wage gap management is correctly related with this new strategy that we are coming up with in the public sector in that the RPL assessing bodies, processes, SAQWA and ETQAs is that we

equate the experience of people to qualifications and we have signed that agreement and it's working. In that a person who has been a very junior nurse category, we know that we are having a challenge even with that resolution, where a senior chief specialist doctor would come in a casualty with that person with ten years experience but that person is resuscitating patients better than the doctor himself.

So therefore, we are saying we must recognise that particular experience and exposure because this person is a teacher in his own right in that particular area. So therefore, if a person has got so many years experience in that particular area, we give him the same money as you would give a person with a Master's degree. I mean, this is exactly what the skills development is all about and it's a component of critical transformation that the comrade is correctly saying that we can't leave this to the employers. Transformation must be owned by labour.

So we want to see transformation officers, chairpersons being from trade unions themselves, so that we drive this process. But I know that Cde Minister of Labour, Mdladlana, is very passionate about this and I think that's where it's getting to. With the non-wage negotiation processes that we do have these allowances which are specific to sectors. For instance, if you go to health sector we have this infection TB, MDR, XDR that we are pushing for, even for HIV, for instance, that our health workers can be infected. They are at high risk, so we're negotiating the high risk or danger allowances to actually compensate those comrades better. So it may not be reflected in your research document that we have submitted but I think recently we have actually resolved on a few danger allowances which we are pushing for employers to implement. So we are having a problem now with implementation of these resolutions and that's a key challenge for now. Thanks.

**MR KHALIL-HASSEN:** Are there any other questions? Dale?

**DALE:** I think we just need to be aware of the structure of the economy when we enter into these discussions and what it means for bargaining and the constraints that, that

places on us. If we just take some of the issues that the comrades have raised, for example, skills and I think we would all in this room agree that we need to increase skills. But even if we increase skills, it also has its own problems.

For example, if you double the number of artisans that are produced, for example, what does this do? You have an oversupply of artisans then and that begins to push the wages of artisans down. So, for example, in some areas where there's a claim by government and private sector that there's a shortage of skills, there isn't actually a shortage of skills. The fact is that there are a few people there and because they are in demand, their wages go up, like IT specialists and so forth, engineers and so on. So their wages go up because they're in short demand. So this is also one of the contradictions I think we need to be aware of when we approach these things and sometimes even winning your demands sometimes creates further problems down the line. So I think these are some of the difficulties.

If we look at the question of the wage gap and for me the wage gap can be addressed really in two ways or in a combination of two ways. One is pushing up minimum wages. So, for example in our sector, the municipal sector, we've had a sort of programme over ten years of pushing up the minimum wage so that as you push up the minimum wage, the wages above that have to adjust and so forth and you try and retain that the top level of wages don't increase at very fast rates.

Secondly, is then stabilising management wages and one of the ways we've tried to do that and tried to fight for that, in a sense unsuccessfully to some extent, is to say there must be an agreed-upon wage gap between the highest earner and the lowest earner. So if managers want to increase their wages, then also the minimum wages have to increase as well. So you try to create that relationship between the two and in that way you're able to put pressure.

But fundamentally it's a question of power at the workplace. If you don't have the power to enforce these things, management does what they are doing and they are under all

kinds of other pressures; international pressures, local pressures etc. So they're under tremendous pressure as well and their manager is saying, okay you don't want to pay me 5 million, I'll go next door and they'll offer it to me there. So they have that kind of flexibility and movement and portability of jobs which workers don't necessarily have.

So, in essence what we're saying is it's a highly complex structure that we are facing and I think the point that is made, the kind of tradition and heritage that we have in South Africa of very low wages for unskilled workers, very high wages for skilled workers, that this relationship has to break. We have to change this and skills is not the only way to do that. It's really about strengthening our bargaining power on the ground and pushing for above inflation increases. I mean, that's the fundamental thing.

If we're talking about a living wage, how much do you need to sustain an adequate standard of living, given unemployment, given HIV/AIDS, given the crisis of transport etc, etc. This really becomes the key; how we can strengthen our wage bargaining and this has to stay at the centre. Even though we can look at other areas, we need to say, how do we increase wages above inflation.

**COMMENT:** Thank you. I think my contribution would be the first point relating to the wage gap. One is that it was interesting that in our debate around whether we are demanding a percentage and/or the Rand value to close the wage gap.

We get condemnation from amongst our members who are earning higher wages rather than - I mean, I think that they are missing the point in that we're talking of the earnings of executives and I would believe, and we have started this debate we have not concluded that in NUMSA, that we should be looking at ways in which we start to say the benchmarking should be at the executive level, which starts to change so that they also have their eye on the ball, that in actual fact what is being done for those lowest of the lowest earners is nothing compared to what the executives earn.

I think that is a matter of education amongst our members. But the other problem is that

most of them do not want to attend meetings, do not want to attend seminars. So it's a challenge also within us that how do we deal with that. Secondly, within that is how do we use the provision in the Employment Equity Act on income differentials through collective bargaining. We seem to have not taken that very strongly, as unions.

Then there's an aspect that relates to skills development and RPL in terms of transformation. One is that there is no proper co-ordination within Cosatu, especially Cosatu affiliates, around what is happening. I think we can learn a lot from the health sector, OSD or whatever initiatives that are taken by the different sectors in dealing with that. We are driving the MERSETA on RPL but then the challenge is, do we have capacity for RPL assessors and the centres for assessment with the required equipment or facilities. So that is a challenge.

Also at company level, the capacity, especially the private sector where there is diversity. You've got companies with 4 000 workers, you've got companies with 100 and companies with 50. So the level of understanding in capacity there also poses a challenge to us.

The last point that I would like to raise is that with regard to HIV/AIDS, also we have these different initiatives from different unions and others have got good examples of success factors. But there seems to be no kind of support and co-ordination, one, amongst ourselves as the trade union organised labour and, two, between ourselves as organised labour and the civil society, which makes our interventions negligible.

Whereas we should be ensuring and enforcing a very much prominent active role in saying that whatever efforts we are making as organised labour should be seen and recognised by the society as a whole, that we are, as organised labour, part of that working class that seeks to change the situation within the aspects of that epidemic. Thank you.

**COMMENT:** Comrades, it is unfortunate that we have at last agreed that the capitalists

ideology has defeated us because if we had maintained Marxist teachings, the blue collar worker would be getting a better share of whatever he's producing and that would really reduce the wage gap because the capitalists really believe that we, as white collar workers, we don't deserve anything. That's why we will always end the list, despite that the value which we add to any product is of paramount importance because on the production line it's us from the start to the end. Now having abandoned Marxist teachings, it's unfortunate that slowly but surely we are just going to be sweating excessively. Thanks.

**MS LETSIKE:** Thank you, Cde Chair. I just want to have a bite on this EEA on collective bargaining. Collective bargaining and equity, on the report that we had that was submitted recently, it shows that few women have made it but white women in a number are - I mean, black women are a stepping stone of these white women because recently when you look into what has happened in the EEA Report that we had recently, it can show that the disadvantaged, the women who have been there previously on the RPL, they have been contributing a lot and some of them are educated of course.

But when you come to the numbers that are needed in the transformation that I said in the EEA, you find that few of our black women have made it, a few of them, but a lot have been pushed by the number of whites who have been put on the top, on the expense of the blacks. That is why they are on the top and our problem is, I think, we are not participating a lot on transformation in our sectors, as women, that is why we find ourselves on that trend.

The Mining Charter also is saying 10% of women in the sector but at the end of the day you find that that 10%, especially in mining, it's not women in mining or women at mining. It combines the women at mining and in mining. At the end of the day, we find that white women are the only ones who are working on the surface and the black women are now recruited underground and the problem again being that the Heat Tolerance Screening is too difficult for a white woman because they are not as strong as us. I know.

On the issue of the Mining Charter, really we have lost a lot because even today the very same Heat Tolerance Screening, black women cannot do it perfectly as it's supposed to be done because there is a percentage that they have to acquire when reaching that HTS. It's a screening, you have got to be screened first before you go underground. They acclimatise you to check whether the heat that you have, your temperature can be equal to that of underground because if it doesn't, then working underground you'll fall, you'll collapse.

But now we see that the Mining Charter, it's like that 10% that is required. It's made for black women and the white women are only recruited in the offices and blah, blah, blah. With that matric that has been required from black women and those black women, okay, the matric has now been cancelled to say every woman but at the end of the day you find that that particular white woman doesn't have that Grade 12 but she will be there in the office. How, we don't know.

Then the transformation issue that I want to put upfront is that women should participate in the transformation committees in their sectors and be serious about issues. Even in the factory floors, you find that it's only white women who are sitting up there in the offices and who are supervising and who are earning a lot of money. But women are keeping quiet down at the shop floor, they are not saying anything about this. I don't know what's happening but I would like to urge all the women to stand up for the transformation and be there and participate fully. Thank you so much.

**MR KHALIL-HASSEN:** Thank you. A very, very diverse set of inputs. Okay, let me allow you as the last one.

**COMMENT:** Thank you, Chair. I'm sorry for this. What I wanted to raise is a bit controversial, I know. Firstly, is the information or the research work which has been done, it excludes how the unions perform in terms of collective bargaining for the union workers or employees. I don't know whether, do we have to look into that or do we have to just hide it and say there are any, or there are increases. What about their increases? So

the union employees themselves, because it is my belief that they are also employees and they've got a right to collective bargaining.

So as I indicated that I know I'm going to be a bit controversial, this is what maybe in future if NALEDI comes out with information, we would like to know also. If you talk about the economic impact towards all the employees, what about those who are working on behalf of the union members, so that they should also analyse and look into that and say are we on track.

But further to that yes I'm agreeing to the analysis which has been done to say that we are no more concentrating on the HIV/AIDS. We are doing nothing, I've seen in most of our demands we haven't included it. The issue of employment equity, I don't know whether we have dumped it or what happened. I think we have to re-evaluate our seriousness with regard to that which will also include skills development and health and safety of the employees. Thank you very much.

**MR KHALIL-HASSEN:** Thanks for that. I think the first demand must be overtime. The unions you work and work and work. But seriously, I mean, I remember reading a newspaper article some time back that there is a union for union workers and maybe people should be circulating some membership forms. I'm just raising it. I see a lot of the unions shaking their heads but you must practice what you preach. I'm going to give to Kimani now and I'll just make one or two closing comments.

**CHAIRPERSON:** Our time is over, so I'll be quite quick and then we'll break. When we break we'll have our tea and then we'll reconvene tomorrow at 9 o'clock. Tomorrow's discussions are quite interesting because the aim is to share our strategies, the different strategies that we have been using as unions. We want to share them.

Many times when we have workshops, comrades come and say, but we don't know what our comrades in CWU are demanding and they might have very good demands that they could also teach us, we who are in the public sector. So the last session tomorrow, which

I hope will expand to more than an hour maybe an hour and a half to two hours, will be to have yourselves coming in and sharing. The different unions, you come in and say what are your innovative strategies that you've come up with in the last bargaining season.

Let me just quickly point out to Cde Patricia from NUM, women's issues in collective bargaining, sometimes my feeling is that we tend to overlook them. They are there in certain ways but there are demands that are specific to women workers. Now what we did in planning the discussions in the workshop, was to allow a session which you are going to have tomorrow, the third session tomorrow, which will look at gender and collective bargaining. So we need to raise a lot of those issues.

For instance, most of us don't even apply our minds to the women workers who work underground in temperatures that I don't know how far they go, 35 degrees, I don't know. Probably that's what they experience underground. So we have issues that are very specific to women and we have to address them. So we'll have that in tomorrow's session. I think that's all I've got to say.

Thank you very much.

**END OF DAY ONE**

#### 4. TRANSCRIPT- DAY 2

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# NALEDI

NATIONAL LABOUR & ECONOMIC DEVELOPMENT INSTITUTE

*Transcript of the -*

## COLLECTIVE BARGAINING WORKSHOP

Held at Elijah Barayi Training Centre (TBC), Johannesburg  
From 29 - 30 May 2008

**DAY TWO: 30 MAY 2008**

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CHAIRPERSON: KIMANI NDUNGU

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**CHAIRPERSON:** Good morning, comrades. *Amandla*. Comrades, welcome to today's discussions. We've had to make slight changes to the programme because one of our comrades who was meant to be here yesterday did not come and I've been trying to reach her and she's just unavailable. So I'm not sure what happened. I don't want to assume the worst but time will tell.

Because of that, we're going to have a change in the programme and, comrades, I want you to note this. Please make these changes on your programme for the sake of time. The

first session is not going to be myself, I did my job yesterday. Between now and around 09:45 we're going to have skills and equity with Comrade Mandy Massouris. She's here but I'll formally introduce her when she begins her session. Between 09:45 and about 10:00 we'll have a discussion. We'll respond to the debate that she'll have introduced around skills and equity.

From 10:30, that's the time I'm putting in but I'll have a discussion with the presenter, we're going to have a debate with Comrade Patricia Appolis on gender and collective bargaining. You may need half an hour, comrade, you may need 45 minutes, we'll debate that. From about 10:30, probably 10:45 to at least 11:00 we'll have a discussion on what Comrade Patricia will have presented to us in terms of the key issues around gender and collective bargaining.

From 11:00 to 11:15 we'll have our tea break and from 11:15 to 12:15 we'll have the last session which is strategies for collective bargaining. That was meant to be in the afternoon, we have had to shorten the programme. So we'll have an hour of presentations. Now what are these presentations.

I mentioned briefly that the overall idea behind this workshop, which is the second now in a row, is to exchange ideas to learn what fellow comrades are doing in terms of their demands, what innovative strategies each of our affiliates have come up with in the last bargaining round. So it's very much an exchange of ideas.

I know I did not say this in my invitation to all of you but I'm going to request, because you deal with these matters on a daily basis, for each affiliate to come forward or just stand where you'll be or sit where you'll be, whichever you prefer, you want to sit on the floor it's fine, and just give us your insights on the kind of challenges, the kind of strategies, the kind of innovations that you're coming up with. Because we don't want to be isolated within our own unions, not knowing that our comrades across the river or the lake or the mountain in the other unions have demands that we ourselves can use. So it's very much an exchange of idea.

From 12:15 to 13:00 we'll have a discussion which will be like a wrap-up plenary discussion and we wind up at 13:00. Before I make an announcement do we have any takers, anyone who wants to comment?

Good. Now let me announce, yesterday I mentioned briefly that we have Cde Kally from the South African Labour Bulletin. Kally is sitting at the back. Cde Kally is the editor of the South African Labour Bulletin which is probably one of the best in terms of taking in contemporary issues that affect workers and I did mention yesterday that, for example, you'll find an article there on the wage gap.

Kally has assured me that she'll allow comrades to get a copy of the bulletin at the reduced price of R20. It normally goes for R25. How she'll deal with that with her board in terms of the R5 difference, we don't know but she's prepared to allow us to take the Labour Bulletin at the solidarity price of R20. Please, if you've got R20 in your pocket spend it wisely and get a copy of the Labour Bulletin.

Comrades, let's now begin. I'll ask Cde Mandy to take us through for the next 30 or 40 minutes and then we'll have a discussion. Mandy formerly was and still is, I keep emphasising this, she was and still is with NALEDI. Was, in the direct sense of employment until some time in late 2006 and still is with NALEDI in terms of our reaching out to her from time to time to come and share her experiences, her expertise and her knowledge around the world of skills and equity amongst other things and training as well. Currently Mandy is with Doors of Learning. So, Comrade Mandy, we are in your hands. Thanks.

**(i). SKILLS AND EQUITY**

**Ms Mandy Massouris, Co-Director, Doors of Learning**

I think I also call on NALEDI from time to time. It's good to be here. I see one or two faces I recognise. I kind of thought I'd see more but it's really nice that there's lots of new comrades around. Just to begin the discussion, a while ago when I was at NALEDI one of the research areas, and in fact there are a couple of NALEDI policy bulletins, I can't remember if we wrote for the Labour Bulletin on skills. Anyway we did research on what was happening in the skills arena so I'm going to talk a little bit about that later on.

But basically in the presentation what we're going to look at is just quickly discuss why skills is important, have a look at what the problems are currently in terms of the skills dispensation and then how do we as negotiators try to address these issues. So why is skills important for the working class? Anybody? I'm an educator, I'm not just going to stand and talk. Can anybody give me an idea? Okay, great.

**MR BODIBE:** I think it assists in advancing our struggles for the legacy of apartheid where we know there are scarce skills now in all sectors of the economy. So for us to take the ownership of the economy of our own country we need those skills, otherwise you'll keep on importing the scarce skills from other countries and remain jobless ourselves. There are a lot of issues. Even on wage demands, if you put your demands in terms of skills relations into the salary increases, that also benefits the working class.

**MS MASSOURIS:** Thanks, that's great. This has been Cosatu's position right from the beginning in terms of developing the Bills and the Acts, from the beginning of the 90s with the development of the Skills Development Act. So basically from 1998 there were a couple of issues:

- Redressing past imbalances in education and training.
- Improving productivity growth.

- Facilitating workers' mobility and prospects of work opportunities.
- Improving the quality of life of workers.
- Encouraging the articulation between different bands of education and training so that if you've got a technical qualification, there's a possibility you can move to a university.
- Improving access to training and education.
- Creating synergies between institutions of learning in the labour market so that institutions of learning are developing skills that the market actually needs.

So that was Cosatu's position all those years ago and you'd say to yourself, at the moment we have relatively progressive laws. When the Skills Development Acts were being developed, I was part of what was then Cosatu's PRU at the time and we had constant conferences looking at the Green Paper, at the White Paper, discussing, and we fought for RPL. We got RPL.

We fought for a whole lot of issues that we actually managed to get in the Act but we haven't really on the ground seen a change and it's like anything you negotiate. If you negotiate an increase with management, unless management pays those salaries, you actually haven't won. You've got an agreement on paper but you haven't got anything. And skills is the same and if workers don't see the 10% increase on their payslips, you're going to hear about it.

But skills is a much softer issue, so it's very hard for us to keep track of what is going on and what the problems are. Also because comrades haven't been educated in terms of what to look out for, how you watch this whole issue of skills. So what are the problems? Basically, information and I was talking about the research earlier, unfortunately after we had that whole research thing and we were on the radio and NALEDI was on TV and all that kind of thing.

They used to have a table in each Sector Skills Plan and it had all the different job categories; professional, management, all the way down to cleaner. And then they had

racial distinctions. So African, coloured, white, Indian, then male and female and you could see how many people, white men were trained here and all that was very clear what was going on. They don't have that in the Sector Skills Plans anymore and it's something I think I need to follow up.

But basically, I did an analysis on the ICT sector in 2002/2003 and we found that 74% of all managers and professionals trained were white. Of them only 21% were women and of that 21% of women, 74% were white women. So if you're talking about skills redressing equity, there's a huge issue here, huge and this is stuff we've known for a long time. The percentage training for black people increases as you go lower down in the skills positions. So more black people get trained on the lower skills and even men, of all the people trained in the sector in 2002/2003, less than half were black comrades. So it's a huge issue.

In addition to that, the levels at which the training is taking place is also streamed into three general bands and if comrades know anything about the National Qualifications Framework, you've got three bands. You've got General Education and Training which is basically school with matric. You've got Further Education and Training which is basically technical training, mostly artisan training but stuff that used to be done at the Technikon. Then you've got Higher Education and Training which is the universities. And these bands, despite Cosatu's demand to have articulation, remain separate and that's a huge issue in terms of workers moving and doing different things and building up knowledge in different areas.

Companies are using training grants to increase the skills of the already skilled. They're training white managers, they're spending thousands of Rands on fancy conferences in fancy places. All that training money that should be going to us is not going to us. There's little or no engagement, and this is our problem, at company level of unions or shop stewards in the development of Workplace Skills Plans. Now in terms of the Act, every workplace is supposed to have a Skills Development Facilitator which is, I'm using the words shop steward and Skills Development Facilitator interchangeably, but comrades

are not engaging at this level and if there's no engagement at this level, it's very difficult to try and inform what happens in skills at a higher level.

But we need to ask ourselves as Cosatu and as Cosatu's affiliates, what have we done to train these comrades? Do they know how to analyse a Workplace Skills Plan? Are they clear on what demands they make? Do we support comrades in these areas and from my experience I don't think we do. So we need to make note of that.

Instead of redress, the Skills Act is reinforcing the existing skills dividing our country. Those who have skills, continue to have skills and continue to better their skills. And those who don't, don't and that undermines everything we worked for and everything we fought for. Universities, and they're part of this council for higher education, I'll talk a bit about that later, have not been responsive to the changing framework. They don't apply our RPL and it is very difficult to get recognition for qualifications outside that Higher Education and Training band.

Last year when I left NALEDI, I went to Wits to set up this Global Labour university project which is a master's programme that the ILO is funding for trade unionists and to get comrades onto that programme was almost impossible. I think in the first year we got one comrade on the programme. He had a degree. They wouldn't let anyone without a degree on, no matter how long you've been in the movement, no matter how good you were or how much you knew. And it just makes me so mad because it's Wits and Wits claims to be progressive and Wits claims to be all these kinds of things. But ultimately, you're dealing with the bureaucracy of elitism that has walls that they want to preserve, to preserve their own self-delusional progressiveness. Sorry, I'll try not to be so emotional. I get cross about these things.

Now I'm going to get cross with us. We don't have strategic co-ordination between our affiliates and the federation and the federation's industrial strategy. So affiliates don't speak to each other, especially affiliates in the same sector, about skills and there's no articulation with Cosatu's industrial policy and Cosatu's position on skills. And if we're

going to address this issue of equity but also if we're going to open up those doors, we have to work together.

I mean, I've heard stories of people who sit on SETA Boards, there are comrades from two different unions and they never caucused before, they never meet, there's no unity and we have to build these structures to engage. We have to build the workplace who feeds the information up and the comrades who sit on boards need to link there and also link collectively at the top, otherwise we're never going to get it right. At the moment, everyone's running in five hundred different directions and there's no programme, no campaign, no sort of direction. Also we're not vocal enough in our criticism of the way the system is currently working. We need to take these statistics that we have and put them out there, discuss them in our organisation primarily but also in the press, so that there's awareness on these issues.

Now, there's another whole issue coming because now they're amending the Skills Act and they're creating three what they call quality councils. The one quality council is the Quality Council for Trades and Occupations. That's going to deal with the FET stuff, the trade stuff, the artisan stuff, those kinds of things. Then there's Umalusi which is really the Public Sector Quality Council. So that will control all public sector education and training. Then there's this CHE which already exists which is the Council for Higher Education and that's the university guys. And what is happening now is that the division that's already there between the bands, the FET and the HET, is being widened and things like - for example, in the past you know you've got all the NQF levels. So you've got NQF Level 4 and NQF Level 5 and in the past you would be able to carry some of your points from NQF Level 4 to NQF Level 5. They've limited that again.

So you have to do more work to get another qualification and it's just becoming a huge issue and this divide between the universities and everything else is going to get worse and it's going to be a working class, bourgeois divide. And it's going to increase because the kids that can afford to go to university are going to keep going to university and it's going to be rich kids and our kids are going to be stuck, if they're lucky, in FET. If not,

who knows where. It's a huge problem.

In terms of equity, and here comes another emotional statement, the racist apartheid education policy "hewers of wood and bearers of water" is being further entrenched and we're not doing anything about it. We need to do something. So what does this mean for workers? To improve the quality of workers' lives we need more than rate of inflation increases and education for capitalist needs alone. And I think it's an important point because often when we get caught up in a skills debate, we talk about training for jobs and I will get to that later.

And yes, it is important but also we don't want workers to be stuck doing the same crappy job and getting trained on a job that they hate. If someone has a dream to be a science teacher, even if he works on a machine in an auto factory, it's his right to be able to pursue that dream and there are no linkages to support people in that way. If workers are retrenched or already unemployed, they must have access to training to help them get new jobs.

To redress the imbalances of the past, people receiving training must primarily be those who were disadvantaged or denied access in the past. And it makes sense, you can't change our society by training in the way that's been taking place. The numbers and the statistics that come out must show that comrades who were previously disadvantaged are getting more training than people that aren't. And as it stands at present, it is exactly the opposite way around and it's entrenching those divisions, not dealing with and changing them.

If our economy is to meet the needs of all, we need a skilled workforce who can contribute to development and redistribution. Skills could be used as an organising tool on the shop floor, where workers participate in their own development and that's also a very important issue. But basically collective bargaining has to go beyond bread and butter issues, if we're ever to transform our society.

This is the third last slide, getting information. I wanted to quickly - because you kind of say, where do you get information from. Every year the SETAs have to, by law, put out Sector Skills Plans. I don't know if everyone knows of those things and they're available on the website or if you go to your SETA they have to give you these. They're drawn up to track training, so they'll say what training is taking place. They identify skills gaps and develop strategies for skills development for the next, often, five years. But there's a lot of information on skills in those Sector Skills Plans because that information comes from the Workplace Skills Plans.

So what happens is that all companies send in their Workplace Skills Plans and the SETA uses this to generate statistics on where training is happening, where companies feel training is needed. So there's a lot of very important information in terms of understanding what's happening with skills in your sector in these things. But not only that, they're very useful documents to understand the sector as well and if you want, on my hard drive I've got a copy of the Mining and MERSETA Sector Skills Plans and in there they also do an analysis of the economy, so you can pick up a lot of economic information there too.

So what kinds of demands do we need to make? Skills development must be based on working class demands and meet the needs and aspirations of workers. Workers must have access to relevant and quality training but it must not just be limited to work. We must make demands for time off for training. Decision making in terms of what training you must do must also be balanced with the skills gap and where the economy is growing.

So although you want workers to be involved in deciding where they go and what they do, you also want to assist and ensure that training takes place in sectors where there's a lack of skills and where jobs can be created or people can move. So there does need to be a gearing towards labour market gaps. The structural separation between training and education must be challenged. We've got to challenge this whole issue that there's training for work and then there's academic training and academic training is so much

better. It's got to be challenged.

Workers on a shop floor must be trained to participate in the development Workplace Skills Plans and Sector Skills Plans and that's a challenge for us as Cosatu and it's something we can do now. And a collective approach between affiliates and Cosatu must be developed and that's another challenge for us.

Way forward: Every negotiator must read or know the Sector Skills Plan in a sector. You're never going to be able to put demands forward if you don't understand what's happening and the Sector Skills Plans are really good in terms of information, shocking information, but information and that will help you identify where members fit in the skills framework. So you'll be able to see where your members are and you must also try to understand what prospects there are for development.

So when you read the Sector Skills Plans, you'll see where there are training gaps. You also should try to find out what training programmes and career progression routes there are. Must demand more equity in terms of training at all levels; I can't state that strongly enough. Also it's important to monitor compliance in a sector. We must make sure that the sectors and whoever's doing the training are meeting the demands and doing the kind of training that should be done.

Work with Skills Development Facilitators at shop floor level to understand the needs and aspirations of the class and develop demand. So it's important to work with comrades on the shop floor, so that you understand what's happening in the workplace and you understand what needs they have in terms of skills, so you can then take that further up into your demands.

We have to ensure co-operation between Cosatu affiliates in bargaining councils and at the SETA level where these things are determined and we need to be strategic in our relationships. So before you go into the SETA, if you're in MERSETA and it's chemical and NUMSA, meet, discuss the issues, what's our position going to be and put it forward.

There has to be proper co-ordination at federation level to ensure that micro and mid-level strategies are linked to the industrial policy of the federation and broader skills needs of the country because we're never going to address this on our own. There has to be some collective demand that comes across and that we can all sort of follow and link to.

Then the last thing is a quote from one of my favourite writers, Peter Kropotkin, and he says that:

"It is precisely to put an end to the separation between manual and brainwork that we want to abolish wagedom, that we want the Social Revolution. Then work will no longer appear as a curse of fate; it will become what it should be - the free exercise of all the faculties of man."

And I think that that for me is a very relevant and important thing to remember because that's why we started this process in the first place and we need to remember that vision and do something to change what's happening. That's me.

**CHAIRPERSON:** Thank you very much, Cde Mandy. The picture that emerges in my mind when we look at the skills problem is one of, on the one hand, we definitely do not have sufficient skills but on the other, we have a framework of skills training that's so badly designed, probably well designed, but so badly implemented. But then the same comrades, the same working class that did not have the skills many years back, continue not to have those skills and we have to look at where does this articulation, as Cde Mandy says, come in and what should we do.

I have my own question but I'll pose that after this. Let me welcome the comrades who have just joined us, the NALEDI comrades. I see you, welcome, and all the others who came in shortly after we started. I want us to engage with this for the next 15 or so minutes. Please raise your hand, I'll note you. We want skills training. Please ask the questions, make the contributions and the comments. Comrade Mohau, you go first.

## **DISCUSSION**

**MR BODIBE:** Chair, our observation is very clear. I think Mandy is very correct. We need to confess here as affiliates from Cosatu that Cosatu has lost it. We have lost it ourselves, comrade and if we don't confess, then we will not start to correct our mistakes. And I think that's the basic comment that we should then acknowledge here in this workshop and take the way forward as if we are starting from afresh where we lost it. That's simply my comment. I think this is a marvellous presentation that we all need to go and infiltrate down our structures. Thanks.

**EDDIE:** I think yesterday I indicated and she is confirming the areas that we have identified of our weakness as the labour movement, being the pioneers of the National Qualifications Framework yet we don't have capacity at the different levels in terms of the union. I've raised the problem of the capacity of the shop stewards at the shop floor level but it is bigger than that.

Our organisers are not able to engage employers, both on employment equity and skills development. So they would make all kinds of excuses to avoid to attend those meetings, to avoid engaging with the employers which leaves our members being vulnerable to the kind of situation that she has highlighted. I think we have also raised the point that at SETA level there is no co-ordination within Cosatu on what is happening and the exchange of knowledge and the skills will assist us to be able to -

I'm not sure - I recall that there was Cde Moshweshwe co-ordinating the skills development at Cosatu level. I'm not sure whether he's still there and if he's not, who is doing it, you know those kinds of things and the legislative processes as well. You know, we are now being informed by the SETAs instead of being informed by Cosatu. But when you've got issues to raise, to refer back, the NSA, we don't know your NSA delegates and if the training co-ordinator is not there, it becomes difficult that what you do with these matters. It weakens our position.

I mean, all these amendments that are going now to Parliament, where are we going to block them because at times they bypass the NEDLAC and go to the Portfolio Committee and it's a challenge for us. And if you're going to achieve transformation in the next ten years, we need to ensure that all these processes are in place and our capacity building processes also are such that are heightened up and we mobilise around the knowledge around these important transformative laws. Thank you.

**COMMENT:** Cde Kimani, a few comments that I would like to make after my colleague had much to say and also agree with what has been said by Mandy around the role of the shop steward at a shop floor level. I think the critical issue here is around what management is offering to the constituency vis-à-vis the current competition that we are facing in South Africa whereby we have a lack of skills. And now the situation that you are embarking on here is that employers are continuously training on soft skills and that's not what we in Cosatu want.

That's not what we Cosatu want and we are saying that it's high time that we, as unions or maybe as Cosatu, start embarking on a training of our shop stewards or even the officials as well, as my colleague has said, because we need to drive this particular process. If you leave it to the employers, they're just there to drive their own interests and also receiving the grants. At the very same time, we are talking about the question of affirmative action.

We need to also in our collective bargaining, since you are going to deal with the collective bargaining - it's not a question of only demanding percentage. I think training is a vitally important issue. We need to educate our members around the question of training. We are saying that in our employment, recruitment policies within the organisation, that before the employers can go outside we need to affirm our people internally.

Then how are we going to affirm ourselves, if our people are lazy to be trained and we don't take initiatives in terms of engaging employers around the question of training.

Your ABET, your RPL, people being assessed, these are the keys issues also that you need to look at very, very seriously in order to be competitive internationally. They say South African people are lazy and of course this is the debate that is coming up. What are we doing as labour regarding challenging those - prove those people wrong. Thank you.

**COMMENT:** Thank you, comrade. I want to go back to what my co-comrades have already said but I think mostly we are not addressing the problem. We are always papering over the cracks. As you are talking, here management is planning and is always exploiting our loopholes. We are not aware maybe as a country or as a union or a federation of us that - you know, skill is the assets of the country. We've got a lot of mineral resources here which are being exploited. Sooner or later, they won't be there and we won't have any skills to sustain this country. Like the European countries, they don't have minerals but because of the skills, they are still having a lot of investment because they acquired those skills during the time when they had resources.

Now here, comrade, we are still addressing problems at the workplace and the problem there, we talk of prior learning that our comrades are having, management is not giving that much attention to that. And they say again that our members don't have the necessary education required for training and we see the problem. But we don't do that because we talk here as comrades. But when you go outside, you are no longer a comrade, you are individuals.

There used to be these Model C schools and other schools. Now those model schools are no longer there. Now the best schools are private schools where the children of some of our members here and those of us who have got money are in those private schools then they access that education. Then there are the working class. Our kids whenever they pass, they don't have maths, they don't have science which are the basic requirements for training.

We once had a meeting with some construction companies. We were complaining about the same employment equity. They said, give us people here who are ready. They said,

we take a person to be an engineer, qualified engineer you need ten years after an academic qualification, practical with regular experience. How many of your kids do pass to be engineers because of maths and science. So I think, comrade, to address our problem, let's go down to the primary schools, not worried about the tertiary and so on because we don't have people at the tertiary, only a few of our children. When you analyse the matric results, people who got those ten distinctions are people from those schools, nothing from the historically disadvantaged schools are getting those, only here and there. So we are not addressing the problem with our 14 years of democracy. So let's go to the school and address this issue of maths and science.

Our comrades are being taken to this training which is collusion between those institutions and the management, where they have set the standard high for our members to fail and our members get frustrated and they are being forced to do the work, they are experiencing the work, no papers, no money. So let's address the issue of education. Thank you, comrade.

**CHAIRPERSON:** Thank you very much, comrade. Any other hands? I see quite a number of hands coming up. Can I ask, Cde Mandy, if you want to respond to those comments essentially and then I'll take all those hands that are up.

**MS MASSOURIS:** I just had a few comments. Firstly, as far as I know Cosatu is organising a skills conference, I think in September. Cde Seketi is still here so maybe if you contract Cde Seketi and just find out about when the skills conference is, so that was just information. I think it is September, I'm not a hundred percent sure.

In terms of the soft skills issue, absolutely, It's a huge problem, there's training that's being delivered. As part of this new work I'm doing I had to go on an assessor and moderator training. And I had never in my life seen such bad training. I was blown away, also proud because it made me realise how good union education is but it was terrible. And that, the only way you can address that is if you've got shop stewards on the shop floor who can come and say, this is crap training, we want someone better. But it's

critical, the type of training we get.

Addressing the problem management is planning and exploiting loopholes, absolutely. Management is planning and exploiting loopholes and we have to be vigilant about these things. In terms of RPL, it's not in business's interest and it's not in all these consultants who do the training's interests to RPL anyone. You get much more money if you charge people to come on a very, very awful five-day training programme than you would if you did an RPL process. And no one has developed the skills to actually do, well, very few people have developed the skills, to do RPL.

So what do they do? The universities say sorry, we're not going to do it and they get away with it. And I think that the comrade was talking about engineers, you do need a lot of maths but where is there some kind of school for workers to go to support them to develop? Because I do not believe, I have met a lot of shop stewards in different industries and I know that there are a lot of comments. If they were given the space, the time and the support, it could move from being a machine assembly person to an engineer. It's not hard, it's about the political will and the commitment.

And the other problem related to that is that education is becoming more and more commodified. Private schools, you pay a lot of money to get a good education for your kids. If you don't have the money, you don't get it. And it's the same thing, there's nothing that has been set up and there are very few progressive training organisations who are doing work in this area. So it's become the realm of capital and that we can blame Cosatu and yes, there are a lot of things we should be doing. But we also need to understand it in terms of economics, in that that whole realm is run by capitalists. All these training people make millions and millions and millions from the SETA. And if we want to change that, we've got to fight the structure of the system as well. And that's it for now I think.

**CHAIRPERSON:** Thank you very much. Can I see the other round of hands and I'll note them. Probably it's going to be the last rounds. Anyone else, we're running short of

time and then I'll be the last one, no one else after that. Okay, let's go, we'll start with you.

**COMMENT:** Mine is just a short comment in terms of these service providers, the SETAs, where we lose contact with many of our comrades who get retrenched. And thereafter in terms of getting training, they are out there in the townships and these SETAs are not establishing training areas in the local areas, which is also a problem. Yet there is a lot of money which is sitting with these SETAs. I think we need to also look into that. Thank you.

**CHAIRPERSON:** Who was number 3, Patricia? Okay.

**MS APPOLIS:** Thank you, Comrade Mandy, for that presentation, it was very useful, good information. There are just three comments that I wanted to make with regard to the content and so on. I think the one area that we need to underline is that skills training is not a collective bargaining demand, it's actually a right. We need to make that distinction, so that we don't get bogged down by putting demands that we made years ago back on the negotiating table.

In actual fact what is supposed to be happening at the negotiating table is that management is supposed to give us a report, the issue of accountability. That is all that is required to do that, so that we can input into it and have that information and challenge management if there is anything wrong.

I think the second point that I want to make is this whole question about the SETAs. You have comrades sitting on the SETAs in very influential positions, like chairpersons and so on. But they are not pushing a union agenda because in terms of the SETAs' accountability structure and rules, what we are told is that the comrades there they have got a fiduciary duty. So they have to be neutral, they can't push a union or a labour position there, so that is a problem. So why are we putting comrades there, if they are not going to push a pro-union line?

The third and last point that I wanted to make is the whole issue about equity, the Employment Equity Act, the relationship between the SDA and the EEA. And then also the question of the committees that are set up at workplace level. You know you've got all these committees, you've got the training committees, you've got the employment equity committees, you've got the health and safety committees, etc and so on.

So it's really a strain on the comrades to have to sit in all these committees and they might not necessarily have the expertise or the training on these different committees. So in our union, we had a big discussion about that and what we were saying is that maybe two options open is that whether we should have one committee for both employment equity and skills development because the two are linked. You can actually see when training, proper training is being given, if there are - comrades are being promoted in terms of the employment equity, you can actually see the link. So I think those are issues that, comrades, that we really need to engage on, how to improve our participation in acquiring, influencing the skills development agenda. Thank you, comrades.

**CHAIRPERSON:** Patricia again?

**MS LETSIKE:** Thank you, Chairperson. Much has been said and thank you, ma'am, for your most informative presentation that you did to us. It triggered questions, it triggered things that we - visions that we have in the working places. My problem is we have got this ABET as classes and in schools but one questions himself or herself to say, what happens after level 4 because one goes to level 1 and then completes level 4. What happens after that?

That particular worker will have to go back to work. If he was fulltime at that ABET school, he'll complete the level 4 and go back to school; if it was part time, the same, he'll go back to work. What now because we need another training for those people? As you have already said, you mentioned that our schools are commodified. If she or he finishes level 4 and he wants to progress further, he's got to pop out money from his or her pocket. And maybe the RPL that he has got it, needs money, he's an engineer, he's

something else and he won't have money because now our members are not paid, it's low salaries that they get. So what after Level 4? Thank you very much.

**CHAIRPERSON:** Cde Patricia we have here, and then we'll have Cde Mayan at the end.

**COMMENT:** I also want to add my word in appreciating the informative nature of the presentation, particularly in dealing with the confusion around skills development. But I'm hoping as well that we will be getting hard copies of the presentations because that is very important and key so that maybe we can also be able to deal with it. Because I'm not too sure how do we deal with non-compliance, maybe one needs to read the Act.

But I think maybe that answer can be provided here because you see we experience a lot of problems in the workplace when we deal with these issues where companies, particularly your private, they will be telling you about core businesses, career pathing, etc. And when it comes to training of our ordinary worker, they tell you about ABET, HIV and that's all. So, ja, maybe it will assist really to get the whole information. Thank you.

**MR SOOBARAMONEY:** Thanks, Comrades, I think we're having a very good discussion here about this very important issue. I think the comments have been made already in terms of how this matter needs to be addressed. There have been brilliant comments in the house today and all I would like to add to that is that employers really need to be penalised.

In addition to everything that we've said, in addition to our involvement, there's a difference between the plan and the implementation report. And if the implementation report is widely different from the plan, which we were involved in signing off, then really employers need to be penalised. Aside from them not meeting the original targets, if there's a skew towards widening the gap and increasing the indifferences of the past, then really employers should face a financial penalty.

**CHAIRPERSON:** Thank you very much. The comments have ranged from a self-reflection on how we have failed so much as unions, to dealing with employers. Now mine will be quite brief in that if I'm correct, one of the added responsibilities for bargaining councils is skills and training. And I want to find out from Cde Mandy, how does this link up? How do we have councils on the one hand without responsibility and then we have the whole range of legislative and other forms of framework around skills and training? And how has it worked in practice, especially in terms of the work that the bargaining councils do. Thanks a lot.

**MS MASSOURIS:** I think Cde Patricia's point about the fact that skills is a right, is critical. And the comrade who spoke about non-compliance, you know, we have to police and enforce and if we don't do that, we're lost. And there's nothing to monitor compliance. When we were doing work at NALEDI with - it was a NACTU union, I can't remember the name of them, chemicals, SAPAWU and Food and Allied Workers Union and another COSATU union. And what the company was doing was that the one company here in Joburg was dominated by NACTU shop stewards - not company, plant. And two plants in Durban were dominated by FAWU and SAPAWU respectively.

And they were getting the shop steward in Johannesburg to sign a Sector Skills Plan for the plant in Durban. We have to know about this stuff. And you know compliance, I think the thing that the comment that the other comrade made about having a plan and signing off on the plan is very different to what training they actually run. So there has to be capacity on the part of shop stewards or skills development facilitators or whatever, to be able to look at the plan, to compare the plan to the implementation and to challenge it on that level. If we don't do that, really we're lost.

And I think that Kimani said right at the beginning, he said bad laws, or not bad laws but bad implementation. When we were developing this Act, we were convinced, it was '94/'95, we were riding on this wave of self-delusion or euphoria and we really believed that the movement would get stronger, not weaker. And we have to be honest, we have

got weaker and some of it is our fault because we haven't trained our comrades.

We've cut our education budget, unions who had education budgets don't have education budgets any more. And we have to go back to mobilising and educating our comrades. I think I tried to deal with those issues altogether. The only way we're going to win this is a battle on the shop floor and I don't think that's a bad thing. I think that collective bargaining is good because it's easier for us to manage as unions but I think that in collective bargaining we lost a lot of mobilisation on the shop floor. And this is an issue that can bring shop floor mobilisation in a way that other issues can't.

In terms of hard copies, I was supposed to send this presentation to Kimani last week and I just never got around to it because I was doing that horrible assessor and moderator training. But I promise we'll organise it, okay.

There was one other comment, Kimani's question. To be honest, Cde, I actually can't answer how, and maybe someone from the audience can help because I've never been involved in bargaining councils so I'm not sure how they link up. I do know that they share information, so the Sector Skills Plan will go to the Bargaining Council. But how the two link, I'm unclear on and maybe I don't know, is Cde Patricia gone?

**CHAIRPERSON:** Does anybody know how that works in practice, between what the bargaining councils are meant to do in terms of training and what actually happens at the workplace? The workplace skill's plan, the Sector Skill Plan, that's what we're trying to find. Any comrades with any experience, does anybody sit on any SETA here? No one? Only Cde Bethuel. Just give us a sense for two or three minutes before we move onto Patricia.

**MR MASERUMULE:** I wanted to exploit that not just slot in another comment. But look, I was involved in reviewing NUMSA'S performance in driving skills development in the factories. And so when we interviewed the Employer's Association and the Bargaining Council, we found that training in the metal industries was actually really a

SETA issue, that the Bargaining Council isn't really bargaining on the content. They may discuss questions about time off, the right to training but the actual nitty-gritties are a matter of the SETAs.

Though the employers were arguing that in fact it could be made a bargaining issue because they said that in the past artisanal training was actually a bargaining agreement in the Industrial Council. And there was a lot of co-ordination between the Industrial Council and the training boards. Remember we had industry training boards at the time. But the issues were largely bargained for and just driven by the training board and there was a lot of co-ordination there. And so they were arguing that most of the things, things like RPL that's what they were, they were agreements of the Industrial Council and then enforced by the training boards.

So it was never that they were discussed and elaborated in the training board and only referred to in principle in the Bargaining Council. So I was shocked to hear how they had a bit more better idea of how to deal with training than we were doing because I think we believed in channelling it into the SETA and fighting it out there and that compartmentalises it quite badly. In fact it exposes our weaknesses on the shop floor.

The next point I wanted to raise was, there is a way in which you see training as really individualising the issue. It's a very highly individualised issue. You can say we demand the right to training but the moment people go into training, they are individuals now. You succeed or you fail and so on as an individual. And so it really imposes a duty, a burden on the shop stewards to be monitoring the movement of individual members. There's no pass one, pass all. You just have to look at every individual worker. So it's a very - the thing about capacitating shop stewards comes out much more vividly.

But the last point maybe because I can't be too long, is that there are other political assumptions relating to training that I'm not sure we are addressing. I think when people really incepted this notion of training, they knew we were going to open up our economy and that there was going to be a lot of restructuring and flexibilisation. The assumption

was that training will take care of casualties, we will be casualties. When they restructure and once we make the operations flexible, we really fit in on conditioning we have skills.

So it was really attached to that notion and I'm not sure that - and I think that's where the link between industrial policy, trade policy, I think training comes in those issues quite strongly and in the manner in which they seem divorced, it looks like we're left on our own. In fact, because it's supposed to take care of us, everybody neglects it. So the liberalisation process, restructuring continue and there's less effort happening on skilling us. So we are not prepared for the effects of liberalisation and flexibilisation. And that's why I think we need to be very, very politically clear about our approach to training and interlocation and relationship to those other issues of trade policy, industrial policy.

**CHAIRPERSON:** Thank you very much, Comrade Bethuel. I see the hands coming up, I don't want to extend it beyond here. What I'll suggest we do is that when we have the session on Strategies and Sharing, please if you have more contributions on these issues, put it in. As you can see, it's an extremely exciting debate and we have to thank Cde Mandy once again for a brilliant opening up of our minds on these issues.

Can I remind Cde Mandy, please make a comradely commitment to send this. And can I remind comrades who have not signed the registration form, if you were not here yesterday, please sign it today so that I'll have your emails and I'll forward it to you. Once again, Comrade Mandy, thanks a million for this, it's really brilliant. Cde Patricia, we are waiting for you.

Shop stewards, you know, while Cde Patricia is getting linked up on the system, what I find strange whenever I have these workshops is that no one wants to sing. I'm not sure if it's the fear that this is an intellectual debate rather than a worker's gathering. So it worries me a great deal. Can I ask those comrades who are shop stewards and who are very good at singing, for two minutes, to welcome Cde Patricia with one of those very brilliant, revolutionary songs we always hear, please. Cde Beverly, just two lines, maybe.

(SINGING)

**CHAIRPERSON:** Okay, Cde Patricia, you take the floor.

## **(ii). GENDER AND COLLECTIVE BARGAINING**

**Ms Patricia Appolis, Gender Co-ordinator, SACCAWU**

*Amandla.* Forward to the emancipation of women, forward. I'll say forward to the Labour Movement, forward because I suppose we've got different organisations here. Viva Cosatu, viva. Viva Women Workers, viva. Thank you comrades, you know you must have that spirit in you, that revolutionary spirit because that is what carries you. To me it's all the challenges that we have as trade union activists, as socialists, as feminists, as gender activists and so on.

Comrades, basically I'm just going to talk about gender and collective bargaining and I will be touching on the main areas, key issues with regard to the topic. Our comrades have got the paper there so you can, I don't know if you've read the paper already or if you have not read it, you can always read it at another time.

I think for us, our collective bargaining remains one of the most important opportunities for women in terms of direct actions that can be taken to improve their working conditions and the wages of women. Collective bargaining is also the most important, if not the most strategic union activity. We always hear about collective bargaining, that collective bargaining is the engine of the union. That is what the union is supposed to do, the key role that the union is supposed to play.

Collective bargaining is also a long-term, strategic activity because it establishes working conditions and wages that apply to a category or an industry for a specified period. In addition to the importance of collective bargaining, there's also a co-ordinated effort in the union, there's an organisational effort and there's the mobilisation of grass roots membership that is accompanied by the day to day activities that take place in the workplace.

What this actually means, for successful collective bargaining or successful negotiations, forget agreements, you need to mobilise. You need to get everybody involved. If there's a

dispute, comrades, the dispute can only be resolved if our members are organised, if they are mobilised, comrades. So in this aspect, collective bargaining has got different aspects. It's not a question of just going to the negotiating table and sit and negotiate. You have to do other kinds of work as well in the organisation.

For women for example, collective bargaining is important because it can secure basic preconditions such as equal access to work, promotion, training and to establish the parameters for equality such as equal pay for equal work and value. And the sharing of the load, such as the balancing of work and family life. But it also - the importance of collective bargaining is that it can also push for gender equality in the rest of society. For example, if you look at the balancing of work and family life, the sharing of the load, that doesn't just happen in the workplace but it also impinges on the private sphere in the home as well, in the community as well.

So what we're saying is that collective bargaining has the potential to push back patriarchy. Patriarchy just means talking about a system that is out there, that is a system of male domination, that men dominate in all spheres of life. So there is very little manoeuvre in terms of women asserting themselves, both in the workplace and in the rest of society.

But I think it's important to note also, comrades, this is not just for gender but for collective bargaining as such, negotiation as such. It's a short-term measure, it's called a reform, comrades. It's not a long-term measure. It's because through collective bargaining we cannot change the structure of society. It's only a short-term measure in terms of pushing further the weaknesses, pushing further the demands that we have to improve our living conditions. But we will continue to fight for these reforms until we reach a just and equitable society that we call socialism, until we get socialism.

I think the importance of collective bargaining is also, through collective bargaining if you negotiate gender issues and women specific issues, you will recruit more women into the organisation. It's commonly known, it's a common factor, comrades, that women are

reluctant to join the unions because of several factors, several constraints that they face.

But if women see that the union is very serious about taking up the issues, if they see that the union is negotiating parental rights, taking up the issue of child care. Taking up the issue of sexual harassment, negotiating, combating, eliminating sexual harassment policies and putting in place programmes and procedures in the workplace, then they will join the union. But until such time, we will always have a problem where women will be reluctant to join the unions even out of their own, comrades.

The situation of women workers today, I think the situation of women workers is the same. In South Africa it's the same as it was previously. It's still characterised by the gender division of labour, where men still dominate and women still occupy lower positions in the workplace. For example, lower paying jobs in women-specific sectors like your services sector, farm and domestic and other vulnerable sectors. There are also higher unemployment rates for women than there is for men and this is borne out by the recent ILO report on employment trends for women and the labour force survey of 2007, if I'm correct.

And I think Cde Mandy also touched on the issue of the racial inequalities. In fact, these reports also indicate the highly skilled racial inequalities within the labour market. But I think over the last ten decades, the situation for women workers has actually worsened. And one of the most significant trends in the labour market is the growth of the services sector, comrades. The services sector has a high concentration of women and young workers, young, women workers, which has consequences in terms of the way that we deal with gender issues. It's also shaped by new forms of flexible work, flexible work, comrades, we call it atypical work, precarious work, vulnerable work, etc, but it means the same thing. Which takes the form of temporary, contract, home-based, seasonal, casual, flexitime and tele-porting or the telephone, these young women that are called to sit in these tele-porting, in these call centres.

You get these young women that's just passed matric and they go to these call centres,

they're employed by the call centres for short periods of time and they have particular problems there. And workers in these forms of employment don't enjoy the benefit that full-time workers enjoy. In actual fact the full-time employment is becoming increasingly smaller and smaller. You have a great expanse of these atypical workers working.

Another constraint that women workers face that we need to take into account is the issue of the double burden, the fact that women are still taking responsibility, even though the work they're going in numbers into the workplace, but they are still responsible for domestic responsibilities and for childcare. And this is not taken into account, by both our partners and by employers and by the government itself. So women are doing a lot of unpaid work and the unpaid work that women are doing, what they call reproductive work, you get productive work which is in the formal sector and you get paid for it. You get reproductive work which is not taken into account, it's informal and you don't get paid for it. So women do a lot of unpaid work.

Now just imagine, I'm going off the point here, comrades but it's important to make this point because it has an impact on collective bargaining. The children that we raise as women, comrades, these are the future generation of workers. And the employer has to take responsibility for that as well because it's for these young workers, our children are going to work for them, so they must - and it's a social responsibility, it's a social issue. And they must contribute to it.

I always say that just imagine, all the women go on strike and we say, for a year we're not going to give birth, we're not going to get pregnant, just imagine that, comrades. You'll see what happens. In actual fact, comrades, I'm going off the point, in actual fact what is happening in the developing countries, in Netherlands for example, in Germany, is because women are - comrades, in these countries, because women have prioritised their careers, comrades.

What you have, and they're not having children, they're giving up on having children. If they have children, they will have one or two kids and late in life. Now what they're

having, they have a big age gap. They've got a very old population, a very large, old population and a very small, young population, comrades. So what the government and employers are doing, they are actually incentivising, they're actually paying women to give birth, to have children. So they are putting in place measures to ensure that they actually have that generation, that young generation of workers in society. So that should be also a lesson to us, comrades, here in South Africa.

Okay, legislation to facilitate collective bargaining and equity, now Cde Mandy has touched on some of the skills development laws. I think there are a number of laws that have been passed that try to promote gender equity and to address the imbalances of the past, such as your Basic Conditions of Employment Act, which does have clauses in there that give job security to women who are pregnant, that has some improvement on the maternity leave provisions and others. But that is not enough, it just sets the floor. It's not enough, comrades, we have to amend it but at least it covers most of the vulnerable workers where women are not organised and they don't have access to negotiations. And the Labour Relations Act that addresses the issue about job security and so on and the Employment Equity Act.

Now the Employment Equity Act is a very important Act for women workers because it tries to make the workplace equitable. In actual fact, it's not supposed to be a collective bargaining right and Cde Mandy. I mean, it's not supposed to be a collective bargaining demand that you say on the table that now we want equal Act, we want equal work, equal pay, we want sexual harassment policies in place, etc. What is supposed to happen is that in the Employment Equity Act, it also talks about changing the environment, the working conditions in the workplace, changing the culture of the workplace.

What employees are supposed to do is to look at policies and practices that impact negatively on workers in the disadvantaged groups but in particular women, in particular women. And what we find out, in the Employment Equity Act they'll rather look at numbers. And if you look at the numbers, what Comrade Mandy has spoken about, it's mostly white women that are benefiting but also small numbers of white women and

black men that are benefiting from employment equity. The vast majority of the poorest of the poor who are African women are not there at all.

And most of the women find themselves in casual positions, so they are not even there in the employment equity, when the employers report, they're not even featured there. In the SDA, although there is a sort of commitment to get casual workers to also access the skills but they're not there, they're invisible. So that is one thing when we look at Employment Equity and the Skills Development Act and even at our own negotiations, we need to ensure that women are also on board, that they also benefit from this.

I think it's actually an indictment on the Labour movement that we have not utilised these laws because it was supposed to make our lives as trade unionists better. It's supposed to facilitate quicker processes of negotiating some of - achieving some of those working conditions that impact negatively on workers and on women in particular.

**(Tape12a)**

Okay, the state of gender in collective bargaining, now research has shown that very little has been done to address gender and women-specific issues. But although there are gains that have been made, we must acknowledge there are some gains that have been made and there are some unions that have made pioneering gains in terms of addressing gender issues. But this is the exception rather than the rule. And many unions have adopted gender policies, gender demands like you get in Cosatu, if you go to Cosatu's policy, it will tell you there that Cosatu unions must negotiate sexual harassment policies, policies for parental rights, child care and so on. But if you actually look at what has been done in practice, nothing has been done.

Although some of these demands go way back in the 1980's, 1985, I mean, they still remain relevant today. I mean, they're even more relevant today because of the changing nature of work, the changing employment practices, the changing workplace as well. So what are those demands, comrades? As I've mentioned before, the issue about parental rights, the issue about childcare, in actual fact, June 1, comrades, that Sunday is

International Children's Day and we as workers have identified this day as Childcare Day. And on this day we are supposed to pressurise our companies, our employers to facilitate the process of negotiating childcare facilities for our children, for workers' children and to get 20 days paid childcare leave.

Now, I don't know how many of the comrades, if you all negotiate this year, I don't know how many comrades have actually put that demand to management over the last 18 years, this was in 1990, over the last 18 years. But I know as SACCAWU, we are - every year we pressurise the companies, we take our children to work, to the workplaces, like it's Pick 'n Pay, like it's Shoprite Checkers and all these companies. And the management is very reluctant, they put every obstacle in the way to prevent us from putting forward this crucial social demand to ensure that workers' children are being taken care of, that the employer actually contributes to this as well.

Combating sexual harassment, this is a big issue, comrades, with casualised labour and especially young women workers, it's a big issue. If you can go to the malls, comrades né, to the malls, if you can go to the restaurants, if you can go to the streets of these women workers that work at like sweeping the streets, comrades, they are being subjected to sexual harassment. And we as the labour movement are not doing anything to actually protect them, to get the companies to put in place, to negotiate with companies sexual harassment policies.

What the companies are doing, because it's a requirement, they just do their own sexual harassment policy and they use it arbitrarily. They don't educate the managers and there have been numerous cases where, comrades, when they report sexual harassment, these women comrades are given such a hell of a time that they resign, they drop the case and so on. In actual fact, there was one comrade, a women comrade that was brave enough to put forward a case of sexual harassment. She was working for a labour broker and last week, I mean, she was - I mean, her house was broken in, she was victimised, she was discriminated. She wasn't given hours to work and so on, and last week the comrade passed away and the case was at the CCMA, but it is that bad comrades.

Equal pay for work of equal value, health and safety, HIV/AIDS is another issue that affects very negatively on women. Equal access to promotions, training and skills, job security and decent employment, safe transport when working late hour shifts. Because of the changing hours of work, more and more workers are working these unsociable hours and management does not want to provide late transport. If a worker is working until 9 o'clock, 7 o'clock, how do they get home?

We know the transport system in South Africa, taxis. The taxis close after 6 o'clock, you have to find your own way home and as women, especially young women workers, I mean, there's been numerous cases where they were raped, sexually assaulted, etc. I mean, sometimes their marriage breaks down because women would try to find other places to sleep in town so that they're near the workplace, so it's not uncommon that women are subjected to domestic violence and so on. The other social issue is the issue about violence against women, which is not just a private issue, okay comrades, in the home and it's also a workplace issue and it has to be taken up in the workplace. If women workers are suffering from domestic violence, the employer is duty-bound to also assist the comrade. The issue of the drug abuse as well.

Now what can we do to improve the situation? There are a number of inter-linked strategies that we can use to improve. Prioritise gender demands and not relegate it to a secondary issue, this often happens when a compromise has to be made, when it is - when there's an issue of wages. Because workers tend to focus only on wages and I want to say also that a wage issue, also has a gender dimension. If you look at the ATB, comrades, whether it's a percentage or it's in Rand, okay, it impacts on women workers' salaries, wages as well.

Because women are located at lower paying job categories and men are in higher paying job categories. So you will see, even if you make that ATB, I mean, the gap will remain the same between women and men because of this lower paying jobs that women are in. So it has a gender dimension as well, even if we don't want to look at it and say like,

look, we can't differentiate.

Employ more women as negotiators, as this is a job that is male dominated and this may partly explain why gender issues are not taken on board. Increase the representation of women leadership on the negotiating team, because worker representation is also male dominated. A representation in employment of women should be accompanied by empowerment programmes, to raise consciousness, to develop confidence, to develop negotiating skills.

Now, comrades, empowerment. We spoke about empowerment just now. Who are those people who are sitting on the SETAs, sitting on these training committees, blah, blah, men. But we spoke about empowerment for men and I'm quite sure that some comrades, there's this perception or other, no you mustn't empower women, comrades. When you talk of empowerment of women, comrades, no they have to rise organically in the labour movement. That's always there - but yet we spoke about men as well, who need empowerment who are sitting on these training committees. So why make a distinction when it comes to women wanting empowerment or training and when it comes to men, it's okay. Double standards, comrades.

We need to build gender and women's structures and utilise these structures to impact on bargaining processes, because these structures also provide the base for women negotiators. Election of workplace gender co-ordinators which we have done and it's proved and it has proved. I see comrades smiling all the time when I'm raising an issue but it doesn't matter. We in SACCAWU have started electing workplace-based gender co-ordinators at our companies and they're sitting on the negotiating teams, they automatically go onto the negotiating teams. They're responsible for ensuring that gender issues are placed on the negotiating table, to organise women throughout the process to get our demands there. So that can actually work as an empowerment, as an organising tool.

Campaigns should not be viewed in isolation to collective bargaining, we should link the

two. Like we have a childcare campaign, a parental rights campaign to raise consciousness, to raise awareness about it and in so doing, we can get women workers and workers to imbibe these demands, these campaigns and these demands so that they can push for it, comrades. As I said, collective bargaining should be accompanied by an organising process and we can use our campaigns to organise and mobilise and raise awareness, educate, develop skills and so on through our campaigns.

Employment equity, as I spoke about previously, and we should also have regular reports submitted to the union structures, to ensure accountability and monitoring of the implementation of union policies on gender demands which we are doing in our union where, comrades, and through our different departments, they have to account in their reports what are we doing about these, how far are these demands, including myself. In this way, we can also mainstream gender and thus change the organisational culture.

The thing is here, that we need to change the organisational culture, so that it is the thing about unions becoming a home for women workers as said in the September Commission.

Okay, comrades, in conclusion, we've got a long way to go, we've done very little and we've still got a long way to go and this long way that we're going is weighed down in many ways by the changing nature of work, by the changes in the labour market that impact negatively on women. However, if we can inculcate, if we're get in here, in our brains, internalise, comrades, that women members are trade union members and therefore it's only fair that their needs and their interests are taken up. And that will assist in improving the position of women workers and that will also assist to push back patriarchy, to push back the system of male domination.

I thank you, comrades.

**CHAIRPERSON:** Viva, Gender, Viva.

**MS APPOLIS:** Viva Women, Viva.

**CHAIRPERSON:** Viva. I have to confess that, as a beneficiary of a patriarchal world, it's extremely difficult to take on issues, especially after very eloquent issues have been raised by women comrades like Patricia. Because naturally I am a beneficiary as a man, just the same as racism and we don't tend to see these things and we are so unconscious about them, that we assume that's the way life is supposed to be. So we just carry on, even when we look at the way we are here, even without doing a bean counting, we probably have more men than women. Which goes back to how we organise, how we plan, who we speak to, we have all this blindness that we really don't think about.

But what I will do is, I'll open up this, this is going to be a very tough debate. My male comrades, be aware, let me just say two quick things, before - while Cde Patricia takes the comments and the questions. The first one interestingly, when Cde Patricia mentioned about, in some of the things that have to be done, for instance, having more women in the negotiating teams, which are issues that I'm sure we really don't take into account.

The other thing she also mentions that it's a question of raising women demands, we can call them gender demands or women demands, I'm not too clued about that. But raising gender/women demands in collective bargaining agreements. In the omnibus book from the labour research service that was distributed yesterday by Cde Trenton, there's a table there that shows only about 4% or something of collective agreements have provisions relating to gender, 4%, if not less. So that's an indictment, we've got to think about that.

The second one, very quickly, is something that Cde Patricia mentioned. If you look at the changing forms of work, flexibilisation of work, non-standard forms of work. There's a comment that comes from one publication by the comrades at SWOP at Wits University, the book written by Carl, who is the former comrade at Naledi and Eddie Webster, which talks about the displacement of the violence of the apartheid workplace to the home place. So when we get fired, it's our wives, and sisters and girlfriends and others who go to trade on the street to support us. So we have this reality which we don't confront, either because it's not too nice, it's like that monster we don't want to deal with

or we just try to wish it away.

So, please, let me open up this discussion, raise your hands, let's deal with it openly and honestly without fear. Okay, Cde Mohau, I see you, I see you Cde, you'll be two, you'll be number three, number four. Let's have that one round first. Yes, sir?

## **DISCUSSION**

**MR BODIBE:** Ja, Chair, in fact we just articulate in our union policy statement that our organising department is to ensure that wherever we go, whatever we do in the union, we take along a woman shop steward or leader, you know, for capacity building. For the same reasons that have emanated in other structures, that even though our union is 90% women but you still find those women going to the congress and elect men in the leadership structures.

But I mean, the women themselves have come out openly, clearly that it is not about a power struggle, it is about capacity. If I don't have capacity to be the President of the union as a women, why should I embarrass women and myself and my organisation. So therefore hence, we have taken a very strong position that wherever I go, to the bargaining councils, to the meetings, to the conferences, there must always be a women leader with us to ensure that they are confident, when we go to congresses to stand for these positions. That's just our submission. I'm sure Cde Patricia is happy.

**CHAIRPERSON:** Thank you very much. That's SADNU. Yes, you first.

**COMMENT:** Thank you. Thank you, Cde. Firstly, I need to appreciate the presentation done by Patricia, it was very fantastic to us. However, as the National Union of Mineworkers representative, our sector by its nature is male dominated and we have many challenges in terms of women. It is true that women workers would be more inclined in joining a union if we pull them together with us. However, what we have

noticed since 2003, in fact till to-date, is that we need to be helped in terms of ensuring that we are politicising women in our sector.

But the mere fact that you'll find that, when they're elected into leadership positions, I don't know whether they don't have backbones or their not firm enough to stand for those positions. Because one will be in a position for only three months, of which a term of her office it's a three-year term, and that gives us a problem that you'd find that within a year, we elect almost three people in a position of secretary, for an example, because they don't feel like going forward with union issues and political issues, that is the main problem that we are faced with.

Of course, we are pulling them together with us in terms of the demands, also that we are talking about. And at the end of the day what they do, is that they're changing these. Once they've got these agreements, for an example a sexual harassment policy, they phase them back to us, as males, at the end of the day. they are fighting us back with these policies, you see.

Those are the issues that we need also to look at when we are dealing with these. You'll find that now at the end of the day, even if we are greeting a lady, she will accuse you of a sexual harassment and be chased by the management or dismissed, because of those issues. Those are the things that we need to look at in terms of trying to empower them. We want to be with them in the process because we know that without them there is nothing that we can do.

We felt that more especially - we thought that maybe, if there is a way of co-ordinating our structures of, our women structures by the Cosatu as a federation. For an example, if we can have quarterly meetings or conferences, you can have quarterly conferences with them, just to try and politicise them and make them understand the purpose of the union and understand why are we saying that we need them to be in the union. Because it doesn't help, for example, to go with them up a level of negotiations, just doing window dressing, that doesn't assist. We want them to politicise. I thank you.

**CHAIRPERSON:** Alright, thank you very much.

**COMMENT:** Yes, but for God's sake man, Sissie Patricia, don't strike for giving birth man, please man. No, don't strike for that. But as mentioned by other comrades, it might sound like we don't want to go along with our sister comrades but to be honest with you, in the plants, in the factories, sometimes it is very difficult to carry our comrades along with them. At some stage it took me an hour to politicise a female-dominated company when they did not want to come forward as shop stewards. You had to pinpoint international women leaders, national women leaders for them to understand that they are also capable of doing that.

So it's not really like an issue of us not wanting to go along with that, but themselves feel not to be confident enough. They feel they still want more to be led by males. So really, there is an uphill of politicising them to understand that in the new dispensation, we are just equal in every respect, except on the issue of whether they can strike for giving birth or not. Thank you.

**CHAIRPERSON:** Thank you very much. Someone else is coming, who's the next person? Is it Myan? Can I just comment? Okay we'll come to you.

It's interesting the way the comrade there and the comrade at the back talk about trying to mobilise women. But also there's something that Cde Patricia mentioned. We have such systems which have inculcated a culture. Think about the social work at home, now the women, Cde Patricia mentioned, she's got to leave at 5 o'clock and go cook for the kids and go cook for Kimani because Kimani has to be home at 7 o'clock. Now I can hang on in this workshop until 8.30 because I know someone will cook a meal. Do we take these factors into account, before we say our women comrades don't want to come with us? Okay, Myan?

**MR SOOBARAMONEY:** Thanks, comrade. I think we should not underestimate the

power of our sisters and mothers and daughters. I think they are very powerful and we are seeing every day in the news that women are beginning to speak up, more stronger and more louder about many things. So I think as negotiators, we're sitting in a very, very privileged position to make a difference, so I think we should.

Just to give you some things that I've just recently read about, in many Arabian countries, it is I think, it's religion, it's law for husbands, in terms of the marriage agreement, to pay their wives an amount of money for not just productivity, but reproductivity. So maybe that's something we want to look at implementing in South Africa. In addition to that, once again in many Arabian countries, it's law for women not to show their faces outside and some of them even to their own husbands. And I read the other day that a women divorced her husband after about 30 years marriage, something like that, because he tried to peep and look at her face while she was asleep.

Comrades, lastly, I think there's many sectors which are showing that there are more females being employed than males and I think that's an ever-growing trend, not just in the casual or non-permanent sector, but also in the permanent side. And I think as males who are beneficiaries of the current system, we should not be afraid to become, or at some point becoming house husbands.

**MS APPOLIS:** Thank you.

**CHAIRPERSON:** I know there's a hand there, I want to give Cde Patricia a chance to respond, and then we'll have the second round. Comrades, can I ask for your indulgence, that we go on for another 15 minutes, this discussion is too important to push on to after tea. So Cde Patricia, you'll respond first and I'll come to the other comrades.

**MS APPOLIS:** Ja, basically comrades have made comments which I appreciate, but there's one issue which Cde Kimani has spoken about, because comrades are talking, the reluctance of women to stand for leadership positions, especially shop stewards. Now, our union is also male-dominated and at the moment we're also having shop steward

elections. And our gender co-ordinators at the company level are also complaining about women who do not want to stand for elections, for shop steward elections and they're citing many cases.

But as Cde Kimani has said, we can try and push and push and push, but we have to consider this reality of women's double-load. We have to take that into account and, as I said, that we also need to take into account that our organisation, the way that we run our meetings, the timing of our meetings, the facts that unions don't have childcare facilities, the fact that unions don't want to pay for transport, etc, etc. That organisational culture does not entice women or give confidence in women to stand for shop steward elections in terms of their responsibilities, okay?

Okay, the fact that, you know what happens, in a lot of cases, comrades, that these comrades who stand for leadership positions, for shop steward positions, comrades, they are subjected to domestic violence. Their men beat them up, the men will tell them in advance, if you're an active women member of the union, they will tell you in advance, their partners, you don't stand for shop steward positions.

I've had many cases where I had to intervene, where comrades were coming to workshops only, comrades, and some of these comrades were union shop stewards, union leaders from other unions, comrades. I had to sit down with them and talk to them and you know why, comrades, because there's this organisation - there's a culture in the unions that are perceived from the outside, that if you're a women leader, shop steward or not, you are having an affair with somebody. And what does that say to us as male leadership? What does that say to negotiators, to officials and so on, because that is the culture in the organisation. Women get sexually harassed, they are being abused, they are being used and that's why they don't stay in those positions for a long time.

We can talk about capacity, comrades. I've been involved in mentoring and building capacity amongst a number of women, not in my union but in other unions as well, comrades. But it's because of this thing about being harassed in the union, being harassed

at home, they leave that position because they can't handle the stress, comrades. That is the reality of the situation. We can talk about building capacity, that's why I said, when I said what can be done, we need a number of inter-linked strategies. Not just a strategy of capacity building, there must be other strategies involved as well, to ensure that women take their rightful place.

Now, comrades, as Cde Kimani has said, that we need to be honest and open here and I'm honest and open, comrades, that we as negotiators, we as officials, we as organisers, they are taking advantage of the women, comrades, and that is why the women, comrades, don't want to be involved in these unions. And our organisational culture leans towards things that men do, like for example, times when the meetings are held. I mean, why don't we organise meetings during the day, why should we have meetings in the evenings, comrades? I mean, times are changing, okay, why can't we organise meetings, negotiate with management. In actual fact, with our company-based gender co-ordinators, comrades, we've negotiated with management that they must get time off to do gender work in their companies. It's a process, it's a struggle and something which we're not - so that answers the question, I hope, comrades.

The issue of the sexual harassment, comrades, a very complex issue. It means that we need to do a lot of education and training, not just with women themselves but with men as well. And I think sometimes, it's not a question of women getting back at men but it's also a question of, like I say, the organisational culture. How do you know if a comrade is greeting you or smiling, that the comrade won't take it further, you know, because that is how it starts. It starts about - no, having a relationship is a negotiating process. Negotiating process starts with greeting you Mandy, hello comrade, how are you and you don't know, so the comrades are in the same situation, you must understand where they are coming from as well.

That they're in the same - they don't know whether this is genuine or not, we are comrades, we are union members. So just to explain to comrades, think about how they feel as well, comrades, about that. It might be a few cases where it might be a joke but I

think in most cases, it is from that perspective that you don't know whether this is a genuine hello - no, no, no, comrades, think. We're living in a patriarchal society and women are facing realities and this is their realities that they're facing, comrades. Okay, I rest my case.

**CHAIRPERSON:** We'll have the second and last round on this one. I want to note all those hands and just a quick reminder to the men, the wolf in sheep's clothing, if it's a genuine hello, it better be a genuine hello, not a loaded hello. Alright, I'll start with Cde Tiny and I'll go like that, noting all the hands, make it very brief, please. Okay, I'll start with Tiny.

**MS THOMPSON:** Hello, Kimani.

**CHAIRPERSON:** Hello, Cde, how you're doing?

**MS THOMPSON:** That was genuine. Okay, comrades, first of all we all know that politics is a dirty game, so most women want to distance themselves from politics and some of us women don't understand politics. So, in order not to feel a bit stupid, we keep away from it.

And then the other thing is that men, I don't know if you guys are going to kill me, men generally don't understand that a women also has a right to have a job that takes her away from home. We sometimes go away for two or three days at a time and, ja, you do get the comments, we are a 'joller'. And my mom used to say, if you're thinking of ever getting married, get a man who is educated to your level. And I find it a bit strange and a bit oddish, but sometimes it is true, whether we like to admit it or not. Because a man that's educated to the same level as you, will know that you are taken away by conferences, you are attending meetings that run late into the day sometimes.

But some of them are educated but they're still stupid enough not to understand that so, ja, that's a difficult one. And then, some men want to distract the development and

participation of their women in politics and I think some of them feel that if a women is politically more understanding, then they try and - it seems like there's a power struggle in the relationship and they probably think they're cleverer than me, who does she think she is?

And when I left Durban to come to Joburg, my cousin who's a Toyota shop steward begged me and he said basically don't date in the unions, because you men are known what you do with women in unions. So it is true, there is a general perception that you guys are dirty and then I think it takes other men to educate other men about what goes on in the unions and we're also here to work. So I think we should respect each other and teach each other to respect each other. Thanks.

**CHAIRPERSON:** Ja, the next - it's going to be a controversial one. Comrades please, can we listen to the inputs.

**MR MAJOLLA:** First of all an apology for being late, but *Sanibonani*. Vusumzi, Creative Workers Union of South Africa.

Chair, gender, quite a critical subject, of which the presentation given by the Cde uPatricia, just some of the challenges one's had to face or some of the issues that is challenging one consciously and otherwise, the issue of the double burden, the understanding of that relationship. Another issue, the issue of the employers having to take care of the children. Still it becomes a question of social values or issues of family-hood, that particular unit. What is the relationship between having a strong family base in relation to the work relation issue, in relation to collective bargaining?

There is the issue of education and skills. Education versus skills, because I think predominantly as a society to this bar, we have been skilled, but not educated. And I think it's not skills that's going to build the confidence of women, perhaps we should question the value of education or what is education, what is meant by education?

A lot of what has been served as education within the particular or the current systematic set-up, is masculine-driven, it's masculine-taught, it's masculine-based. So perhaps it's another challenge for the women, how do they understand their own space? Of which perhaps we need to do more research in that regard, so that our female comrades, they are able to establish their position within the male-dominated society. Because then the same exercise, it will also be necessary for our male cadres so that we establish that particular harmonious relations, unlike the other one imposed its presence on the other.

Because it's not like they don't have perspective or they don't have the intellectual capacity to give perspective to their situation. But perhaps they need to understand themselves better in response to the situation.

**CHAIRPERSON:** Keep it short comrade, so that we get the others.

**MR MAJOLLA:** Also perhaps just a historical reflection, that slaves were not taught to be educated. Employers made sure that partially so, they are skilled, so I think the question is how do we therefore bridge from being skilled to be educated? Lastly, I think, we need to just underline the dysfunctional family unit set-up in relation to collective bargaining. Thanks, Chair.

**CHAIRPERSON:** Okay. Thank you. How many hands are still remaining, let me just see those hands? You're taking a second bite?

**COMMENT:** If I can.

**CHAIRPERSON:** Okay, you'll come last. So we have one hand, two hands, three hands and you'll be the last one, so that we can break. Shall I discipline you to about a minute each? You'll be the first one, let's hear.

**COMMENT:** Thanks, Chairperson. Some comrades have spoken, maybe I should be backing the comrade from KZN, she said she's coming from KZN, I'm also coming from

KZN.

Comrades, I think this thing should start with us, it must start from the unions. I think we need to clean our slate. You should clean - first, we are the first people that should be accused, this is the reason why women don't want to take positions, more especially when you go for shop steward elections, it's because of us. When the new shop steward comes elected, we just take them for training and we also tell them that in the unions, it's about give and take. And then that's what we're telling me, when we were just teaching them about negotiate, it's about give and take. That's what we just plough in their head, forgetting that they're new and more especially the males, we tend to abuse those comrades that are just coming in as new shop stewards.

It must start from there and when you just go back, check amongst officials, male officials how many of them allow their women or their wives to be shop stewards in the workplaces. Very few, if not none and those who are shop stewards, they just go there forcefully, while we just sit back and say how can I stop her from being a shop-steward because she's all over all the time. I'm out and she's out. We end up competing, who's going to come back home first. She must always take care of children but it must start with us.

Therefore, it goes further, comrades. In our workplaces, in our offices, in our factories where we are organised, there are those women that are just contracted, cleaning there. You always see them. Those women are just vulnerable like anything. We tend to propose affairs with them, sleeping with them in the toilet, you know the story, but I think we should start from there, comrades, those comrades who just organise - but young women as they are, they are just vulnerable. And we are the ones, we start from the supervisors in the workplaces, they do anyhow to them.

It is easy for them to be dismissed because they like tend to beg for their jobs, they are just employed by another company. But a supervisor can come and say, can you buy me a cigarette in the shop. If they tend to refuse, you will report them to their company that

they are not co-operating and they'll be dismissed. It must start from us to say, let us share in our mind, we always see women as people that we can just do whatever with them but, Patricia, as you have correctly said, to say let us change. Times are changing. Thanks very much.

**COMMENT:** Thank you, Chairperson. Without being apologetic to women, comrades, let me first start by asking Cde Patricia, I was very, very much interested when you were saying that there is a labour that is not paid at home. And if you ask yourself a question, a man like me going to the kitchen, not knowing how to cook because my mother never prepared me to do that and having that half-done food and add that, my mindset that I go and cook in the kitchen, where do we start? That is a problem I have. Not to say that we cannot help women, at least you must be proud of what you have done. It's worse for those men like myself who do not even have a good sense of smell and you find yourself in the kitchen cooking there. But I'm not saying that we cannot start and at least help women.

The other issue that I want to argue with the comrades, it's natural to be attracted to a person of the opposite sex. And also it is correct because you ignore these ladies, you get names, it's a fact. So both ways there is a problem.

The last one, in the unions one of the reasons why it is difficult for the women comrades to come up, the trade union environment is not an environment for softies. If you look at it, even amongst men, comrades, there's a covert war for positions, you see. So you, as an upcoming woman and finding yourself that each and every one here is fighting that at the end of the congress I must come out as a winner and now there's time to teach you to go up. So these are things that need to be looked at from the basics but where do we start in addressing these things because some of them are informed by culture and some of them are informed by our attitude. Thank you, Chairperson.

**COMMENT:** Thank you, Chair. I would like to thank Patricia at least for trying to push the rights of women. You know, this issue of gender, women, is a very difficult issue

because we've got this traditional background which supersedes even education that we may achieve. If you look at the men of my age who are nearly 60 and when I got married these things were not there, they came along when I was already in the marriage. Then if I have to change, it's very difficult. While I'm leaving the union actually we've got the agreement that women must get this and that, we are implementing this agreement.

That's where in the mining where I'm working, we've got quite a number of women who are in the mining industry. I've got two comrades here, Patricia also from our Union, who have been in this women's struggle for quite some time who are very vocal. Now another problem is here. You know, every leader, a women leader has to choose between marriage and leadership because as men, we are very jealous especially when we are still young, I think even young women here - no, let me express my opinion, I mean, if you are a woman, it's not there. That's why the question of saying, you are going to be loved there comes in.

And another thing again is the way we behave as shop stewards in those meetings or where we meet, what we do there. Because if you are a shop-steward and I don't want my woman to be a woman leader or a shop-steward, saying that she's going to be in love. Let me say I've seen some people being in love in those organisations. So the way we behave, we don't build trust. You know, trust is very important in life, even in the family life.

If there is no trust, then they cannot be happy but if I trust my woman, she can go anywhere. Now if you are a woman and your husband does not trust you, that no, we are in love, and she cannot accept that you must be - they have to chose, whether you continue your leadership in the struggle or as a politician, or you chose marriage. Then leave that marriage, chose your career. And if you are a man, your woman cannot allow you, leave that woman, chose your career. There you'll get another woman who's going to - you can't have them both, ja, you can't have them both.

**CHAIRPERSON:** Thank you very much, comrade. Comrades, now these are the real issues that we confront, they are not easy but we have to confront them. Now, let me

allow the last speaker. We'll take on this discussion if need be. Cde Kally, I see your hand, we are completely out of time.

**COMMENT:** I'm not going to take long, my chief. But what I want to say *ukuthi let iditsila* and the comrade instil confidence to these women, that's all that we want, and politicise them. I'm saying so. What we are talking about here is that we think that maybe the trade union activities is just a honeymoon, we can't take it that way, we can't take it that way, we need to be disciplined. Because if we are not disciplined *thina* of which we are leading, they can't be disciplined, those who are following us.

Now, comrades, let me put this. We had a Central Committee last week as the NUM and in that Central Committee we said we need to evaluate our Ten Year Plan. There is a clause in our Ten Year Plan that is still saying that, as much as we are going to go along with women, the women's structure, we've had the women's structure for ten years, in 2009 we will have to decide whether we carry on with the women's structure or we disband it because of these issues that have been raised here. We are still going to take a decision next year. And, comrades, we are having a big problem with the women's structure because they are not confident in what they are doing.

You would find that the women's structure leadership only exists at national level. When you come to the provinces that you named them, the provinces, we named them from the NUM, the regions, those ladies are not there. They are not helping the regions, they are not helping the branches. Even the branches themselves are not helping themselves, the leaders there. And now what we are saying, *ukuthi*, again, what is the use of having a leadership only on national level.

But what I wanted to say before you reminded me of your time is that the NUM is practising exactly what *u'Sisi* has been saying, all meetings from branch level, they are sitting in meetings during working hours and at four they are knocking off but they are not there. You tell me, is it because of time? No, it's not because of time. And when a lady is having a baby of three months, to the Central Committee we say, come with your

baby, we are going to take care of your baby. Now, if they don't come, are you still going to say that it's because of these predicaments? No, it's not because of that, it's because they are not confident. Let us instil that confidence to our women and ensure that we go together with them. That is what we are saying.

The last point is that I hope that we are not going to take this workshop as a bargaining forum and defend here and there. Let us be open to say that we are having these challenges and how are we going to overcome them, not to be defensive in the issues. I thank you.

**CHAIRPERSON:** Thank you very much. Comrades, we need Cde Patricia to briefly respond to this and then we'll break. The one thing I'll say from her paper listening to the whole discussion, when she says we still have a very long way to go, we still have a far way to go, I have no doubt about that. Cde Patricia?

**MS APPOLIS:** Ja. I'm not going to take long, comrades, because there are a number of issues that were raised which are quite, not problematic, but need clarification and interpretation because we're also talking about an ideological battle that we are fighting. Because like I said the patriarchal system, capitalism actually uses the patriarchal system to divide workers, women and men. And capitalism actually utilises what we believe, what comrades believe here, it actually utilises that to further exploit women. To further exploit women. And we need to be very conscious about that, comrades, not to buy into this ideological - these ideas that are put into our heads that we see in the media about women being soft, women being passive and so on.

But the other point, a very, very important point to me, comrades, we are talking about gender and collective bargaining and listen to the debate that we are having, comrades. The debate that we are having is about the shortcomings of women, not about gender and collective bargaining. Why are women's issues not on the collective bargaining table? Cde NUM, I know you're doing great stuff in NUM, I'm talking generally here. Why? Why are we not addressing the issue of collective bargaining?

And everywhere, the point that I'm making, comrades, everywhere that you go and you raise the issue about women and gender, it will always become a point of discussion about the lack that women have. You don't get to the real issue. Even before you get to the real issue, it will be two, three hours of discussion. Let's think about that, comrades. That's a point and we're actually distracting from the real issues.

The other point that I want to raise, the reason why that is, comrades, those who are in power will not relinquish power easily and men generally speaking, at different levels, working-class men have got less power than middle-class men and the bourgeoisie but working-class men also have power over women. And that power they will not give up easily, it's just going to be a battle and that's why we're having the struggle, comrades. To achieve socialism, do you think the capitalists will just hand it over on a plate? We have to struggle for it, comrades. And that is why we're having this debate as well because we're pushing and comrades are defending their power.

The issue about trade unions is not a place for softies, comrades, now your softies you're talking about leadership positions only. What about the gender and collective bargaining, what about the collective bargaining issues? Who are the people, if you look at pictures, if you look at the TV, who are leading strikes, comrades? It is women. I mean, in those male dominated unions, it is women who are leading those strikes. Even in NUM, who are the women, who are the people that are defending the men? Who are creating this support basis? It's women. So don't talk to us about trade unions being a place for softies and there's no need for the trade union to be a hard, aggressive place, like I said a male - in the culture of male. Okay? There's no need for that.

I mean, if you go and negotiate, you must be assertive. You're going to get nowhere with being aggressive and banging of the tables. Management is not going to listen to you. So it's the organisational culture, there's a perception that the trade unions are hard places. It's a hard job, yes, comrades, to fight management but it doesn't mean that it's not a place for women.

Last point, Cde Kimani, I think it's an important point. Chair, the oppression of women is the oldest form of oppression, comrades, the oldest form. If you go way back and read Engels' book about Origins of the Family and the Rise of Private Property, that was in the 1800's, late 1800, even prior to that under Feudalism and prior to that there was the sexual division of labour. There was the oppression of women. Now comrades are saying here that the gender structures are not working, this is not - women are not confident and so on, if you have a thing in two year's time, comrades, do you think in two year's time you can eradicate the oldest form of oppression in society?

If our structures, our central executive committees, our NECs, our leadership in those structures are not functioning, nobody talks about disbanding the NEC and many of the NECs and CCs are not functioning properly, comrades, because this is a challenge we as a trade union movement are facing. Our local councils go to locals, our branches, are they quorating in terms of our Constitution, comrades? Are we saying all those shop stewards are male shop stewards who are supposed to be there, do we question them? Do we say those local councils must disband? We don't say that, comrades.

We must evaluate and put in place strategies to improve those structures, all structures, not just the gender structures, all the substructures, your education committees, your health and safety structures, etc, etc. You evaluate all of them and see whether they are functioning and who's sitting on them. So my point is, comrades, you cannot eradicate the oldest form of oppression in two years, in two year's time.

Thank you. Those are the three points that I wanted to make, if comrades can think about it, and I invite comrades actually to go and read what Lenin, what Marx, what Engels and all these Marxist writers have said about gender oppression, about the oppression of women, and what we should do to organise women side by side with our male workers.

**CHAIRPERSON:** Thank you very much. Viva the struggle, women, viva. Let's break for tea. I'm not going to say anything because I will spoil those very strong words that

we've shared, all of us, in this session. Let's take 20 minutes rather than 15, then we get time to digest all these issues. We'll be back at around 12. Thanks.

## **TEA BREAK**

**CHAIRPERSON:** Okay, comrades, welcome back to the last session, the graveyard, no, the graveyard is normally after 2 o'clock. But this is not the graveyard session, it's a session where we have to share our strategies. Particularly, comrades, if you have very innovative demands or you have won demands that you feel other comrades should learn about, please, discuss them with us. It doesn't mean that you don't discuss anything because you feel it's not innovative. Every demand that we make is innovative especially if we can win, either the whole of it or part of it, from employers.

Before I begin, Cde Kally, I stopped Cde Kally when she was about to say something in the great debate that we had just before tea, I'm not opening up that debate, but she told me she wanted to inform comrades about something. So I'm going to allow her to do that but no takers, please, revolutionary discipline.

**MS FORREST:** Just quickly, comrades, I just wanted to tell you that, I think it was in the early 90s, SATAWU, the Transport Union, put forward a resolution to the Cosatu Congress on the only resolution that I know on the behaviour of men comrades in unions towards women. And it created a huge debate at the Congress but it was passed. And I think if any of you in your unions are interested in getting hold of that resolution, maybe to discuss it or to pass a similar thing, I can certainly get hold of it for you. I think it's called - I can't actually remember but I think it's Sexual Harassment and Trade Unions, or something like that. A very contentious but very interesting resolution.

**CHAIRPERSON:** Thank you, Cde Kally. What's going to happen is Kally will find it, I'll ask her to email it to me and because I'll have your contact details, I'll send it around

to all of you. I'm sure all of us will be interested.

**SESSION TWO:  
SHARING STRATEGIES FOR COLLECTIVE BARGAINING**

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CHAIRPERSON: KIMANI NDUNGU

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**(iii). CONTRIBUTIONS BY AFFILIATES ON THEIR EXPERIENCES,  
CHALLENGES AND INNOVATIVE STRATEGIES**

**CHAIRPERSON:** Now, let's begin with the inputs, the sharing of experiences but I need to get a sense of the unions that are here. We don't have our list right now but I want to find out, can I get a sense of which unions are still represented, I know there are lots of us. Can I just note the names as we go along. Okay. We have SADNU, NUM, NEHAWU, CWUSA, FAWU, DENOSA, CEPPAWU, SAMWU, how can I forget Cde Craig and Beverley, PAWUSA, POPCRU, ah yes, yes, yes, POPCRU, we would never forget that, NUMSA, SAMU, SAMA, SASBO, CWU. Alright, that's 15, are we that? SACCAWU, it's an unforgivable crime on my part, SACCAWU.

Alright. SADNU, NUM, NEHAWU, CWUSA, FAWU, DENOSA, CEPPAWU, SAMWU, PAWUSA, POPCRU, NUMSA, SAMU, SAMA, SASBO, CWU and SACCAWU, alright. Comrades, please, just stand up and share what you have with us. I'll try as much as possible to note down whatever issues will be coming up. I want to suggest, we have about an hour, we probably will go until about quarter-past one at the latest because after this we're not going to have another session, we'll just break. Let me get my gear ready, please.

Okay, who's ready to start? SADNU, please, you have your five minutes or so.

## SADNU

**MR BODIBE:** Yes, comrade, I'm Mohau Bodibe, I'm the National Organiser of SADNU. I'm the Chief Negotiator, I'm the Paralegal Head, ja, everything. I'm the National Office Bearer of the Union elected in the Congress, so when I'm in those chambers that's why JC calls me principal. So I'm also sitting in the National Office of COSATU, so you can mention all of them. We're going to share the experience of the resolution that we signed last year, which is still a crisis even up to now but we'll share the tactics and strategies that we used from SADNU's perspective in relation to advancing the better wages for the nurses, in particular.

We started this by engaging robustly on the transformation agenda of the institutions but from the trade union itself we have enforced that and most of our shop stewards are transformation officers in the institutions, gender co-ordinators and skills development co-ordinators. And out of that, we accessed the privileged information as a transformation officer. You know that you'll have personnel data in terms of the employment equity template in the institution.

Out of that, we then discovered something that was shocking to us as nurses; the classification of workers according to skills levels, namely the unskilled, the semi-skilled, the skilled and professionally qualified. And we discovered that nurses, according to the salary structure where they start, from salary level 2 from the lower category, the nursing assistants, up to level 4 of the staff nurses to 5 and the professional nurses starting from 6 up to salary level 12, according to the promotion grading. Then we realised that no, nurses are actually classified as unskilled, number one, semi-skilled and skilled to a certain extent. And we sent a wave of shock to all the nurses and they made a big noise.

Now, this shocking discovery then forced us to engage this matter with the statutory body, that is the South African Nursing Council, which we know that it's an ETQA of SAQA with the nursing qualifications, and they confirmed our understanding that nurses

are professionally qualified. So, therefore, that's how in terms of the labour statistics and the Department of Health we should be classified. So this also confirmed that nurses have been grossly underpaid for many years, unchallenged. So our engagement in these transformation issues assisted us to actually discover these anomalies.

We then engaged a collective labour forum, you know that SADNU is working together in the bargaining councils with other unions, in PSCBC with POPCRU and in the Public Health and Welfare with DENOSA and SAMA. Then we wrote a letter to the Minister, securing a meeting to complain about the wrong classification of nurses as a middle-class worker, scarce skill and also professional and essential service worker at the same time. But instead of the Minister meeting us herself, she sent the DDG and then we defined ourselves as essential there, as scarce skilled and as professional specialists. We had to define ourselves to them, after we secured the correct understanding from the statutory body that is actually legally authorised to determine the qualifications of nurses.

And then the proposal by the employer at the PSCBC used this as a weapon to divide broader labour with a sector-specific issue. JC was also passionate about that and he was saying, let's elevate this to the sector. You remember, during the strike the employer will keep on saying, we cannot give you more money because we have a responsibility to retain and to recruit those nurses from overseas and from private. And that's where it actually caused a conflict amongst ourselves, I know specifically from the teachers.

But out of that, the teachers themselves set there, but the framework that the employer proposed there was looking lucrative, you know, to say this might be a tool that we could also use to advance the struggle of the occupation-specific salary scales. Because you'll recall that if a senior admin officer or a clerk is at salary level 6, even the professional nurse, a professionally qualified person would be at the same level if that is the starting salary level, so therefore this became as a pilot to say no, let's have this. And this was tabled at the sector at long last after the negotiations and the reinstatement of all the dismissed nurses and others, post the strike in the Public Sector.

You remember how we signed the PSCBC resolution under the Return To Work clause in the resolution. So we had to negotiate the reinstatement because of the very minimum service level agreement that is not in existence, that we are actually negotiating now to finalise. We should have finalised it in November but it's still on, because the employer is using the minimum service level agreement as a weapon to discipline the workforce and to maintain peace and stability in South Africa.

Then the technocrats from both parties worked together and this is a secret, tactical influence that we had, we played a major role here and we also observed the passion from the employer technocrats. We educated them about the value of nursing and the nurses as a profession on professionals now, not unskilled, semi-skilled or skilled per se, but as professionals. And that's how we assisted, that the employer came out to say, talk with these guys, facilitate talks as we negotiate so that we narrow issues.

But then as labour, well, from the technocrat's side, we strategically infiltrated the employer to manipulate them to a certain technical language that they don't understand, especially when we twisted them to the nursing qualifications determined by the South African Nursing Council as a statutory body. Because they themselves wanted to determine the specialities themselves and we said no, no, let us elevate it to the regulations of the Nursing Council. And that's where the crisis started.

So we consolidated labour inputs, whilst it was counter-proposals per se to shape the proposal to be palatable to the nurses. Consultation was very critical here. We consulted specialists, academics in the field of nursing, the South African Nursing Council, management, education institution specialists, categories of nurses from the lower category of the assistant nurses up to the staff nurses. Even the students' mandate that we got under time limits that we're given to increase our demands by nurses, OSD, OSD, OSD all over.

And then we had three rounds of negotiations which were very tough and then on the third round, the employer came with a document signed already and demanding that if we

don't sign, they will then implement this unilaterally. We then assessed the improvements that we gained and we found out that we've got 80% gains in this particular settlement, especially on the speciality fields whereby we used the Skills Development RPL concept to force them to accept the Grandfather Clause. The Grandfather Clause simply means experience and exposure is equivalent to the qualifications. So we actually exploited the Skills Development Act effectively here.

And then we had a Monitoring Joint Implementation National Workshop whereby we had national task teams up to the institutional levels to monitor the implementation. We did not leave it to the employer, even though up to now he still claims it's their prerogative to mismanage the implementation.

And we had challenges identified in provinces on implementation. So just two day's ago we walked out of the Bargaining Council, I'm sure you would have seen it yesterday in the newspapers and we have decided to politicise this matter now. It has reached a point that we cannot handle as a negotiation issue, it's a political issue. So we've thrown it to Luthuli House to actually instruct the Minister as a deployee from the centre of power to actually comply or the President of the country must dismiss the lady, unfortunately. Because of our alliance, revival and the centre of power that we know, we are also exploiting that, that we're going for the elections next year and I'm sure that they also need the vote of the nurses.

So if you look at the document that is inserted there, it actually if you see in the proposal that we had initially, I can just show it on the screen but I'm not sure of your time, Chair, but it's just to show it, everybody might have gone through it over the two days. What we had here was very simple. We had the students, because this OSD is representing the student nurse up to a retired nurse, even the nurse who is dead, they still got paid, they had to be paid. Because nurses who died after the 30th of June, they qualified for - so their children qualified for the payment of OSD, the translation part of it. And those who have retired, they also qualified for this. Those who are overseas do qualify because then the recognition of experience is now brought into the picture for the new appointments,

and that we found it as a victory.

But most importantly, the more you specialise in nursing streams, then the more you - you get more money, even the money more than that of the managers in the general stream. So if you look at the first graph, I'm sure you've got that in your article, we structured this proposal in such a way, the bottom graph, in such a way that the general stream ends up with the executive manager at salary level 16. Also there, clinical specialists at the hospital level plus primary healthcare speciality streams, they also go up to the clinical executive managers so that they actually advise the Minister. We don't want confusion here.

Also, coming to the lecturers' side as specialists in their own right there, we have ended our process of the grading up to the principal, which the current OSD covers it very well and even the general stream. The only problem, if you go to the next slide on the next page, this is a resolution. What we are seeing there is actually the resolution. We have lost the students along the line. They have introduced the community service, which we are still opposed to as labour and well, they have imposed it in any case. But then they have put community service at that particular level with that elevation of the salaries to a certain degree, especially from the lower category, it was actually nothing.

So we are mobilising the lower categories to create a crisis in the institutions, so don't be surprised because most of the experience especially the qualifications, even the experience of working in the speciality areas like ICUs, Casualty, Maternity, Paediatrics, those assistant nurses and staff nurses are not recognised. That experience of theirs of teaching the doctors themselves, it's not recognised by this resolution. That's our challenge for review.

**CHAIRPERSON:** Sorry, just looking at the huge list of unions that still have to speak, say maybe in one or two words what are the key things that we should pull out of this.

**MR BODIBE:** The key things that we should pull out of this is the involvement in these

transformation structures and how you collate this into collective bargaining. And the information, the disclosure of information that you get there, you use it effectively to advance your struggles. I think that's very critical and it came out in the previous papers, that the skills are very critical. So we are exploiting skills here to the best interest of the nursing fraternity because we know nurses were highly specialised, they were highly trained, they are the best in the world, we know they are highly marketable out there but they were not recognised in their own country, that's why they were leaving even to the private sector.

So, with this starting, because this is a starting point of the better salary scale for the nurses, but we want to reach the ceiling of the clinical specialist to also be at par with the other streams, that is the general stream plus the education stream, because those are properly covered in this resolution. The specialities are hanging there, we want them to also go up to the executive management level so that they don't have an option to fight for management positions. They must be clinical specialists and managers and directors in their clinical area, which is what OSD is all about.

Ja, I think I will pause there, Chair.

**CHAIRPERSON:** Thank you, thank you very much. There are quite - many, many things that have come up. I don't know whether we want to have anybody who wants to raise an issue or make a contribution, very, very briefly, I'm keeping an eye out on all the different comrades who still have to speak. Anything you'd like to raise up? You can also raise it if you feel it's important in terms of your own experiences in your own presentation. But please, comrades, remember to only flesh out the key experiences because that's what we need to share. Shall I call on NUM? Where is NUM?

**NUM:** Do you want us to say something?

**CHAIRPERSON:** Yes, absolutely. Summarise it, give us the key, the core.

## NUM

**NUM:** On health and safety issues, as you would remember that we are faced with challenges on the mines that the rate of fatalities on the mine is getting very high now. You would remember on the 1st of May we have lost nine comrades from one mine. You see, the employers normally say no, those are the cause of God, this God who wanted them to die, we don't believe that is the truth. What we are now trying to do as the NUM to try and overcome those accidents, is that we are proposing the amendments to the Health and Safety Act. More especially in one clause that talks to the prosecution of the employer when there is a fatal at workplace.

What we are saying there as NUM is that what is happening now, it's in the process, we are saying that we strongly believe that these prosecutions must be taken. I mean, anyone who is found being negligent at work by not preventing or implementing the safety practices must be regarded as a criminal. And that particular person must be jailed, so that it must be seen that it is very serious to ensure that people are working in a safe environment. That is what we are doing on Health and Safety issues so far.

On the issue of the increase what we are now doing is that we have seen that this issue of the increase saying that we want 10%, we said we want two digits of course this year, upwards. In fact since last year we have been doing that, two digits. We don't take anything that is less than 10% from an employer, two digits they can't be 1.6%, it should be 2 to 10 upwards. Then we say we don't take anything that is less than 10 and on top of that we said that because we have seen that this thing of saying 10% across the board, it's killing us because you'll find that those who are already ranking higher will be ranking higher, higher up to no decimal point.

And we say that we are implementing i-roll up, roll up to say that those who are probably if we have a company that still has a boundary Level 2, we say those must rolled to Level 3, those who are Level 3 must be rolled to Level 4. That's what we are doing in terms of our negotiations now for the purpose of ensuring that we close the gaps.

Coming to look at the construction sector we are faced with a problem by where there is intersectoral dissemination, that will say to you that increase, maybe negotiations will be opened maybe after three years for an example. Then what we are faced with is that now *ukutsa* price of food is going up, has gone up, fuel has gone up.

Then now we have seen *ukuthi* we need now to start again not through the Chambers, to start with the employers at the plant, to negotiate with them to open negotiations with the purpose of having a dispute. So that we can go through the CCMA at the end of the day and get a strike if it is possible because *ukutsa ku khona* is not waiting for the agreement, that's what is happening so far.

We are still adamant to say that we want 10% of women in employment we want 10% of the work force of women to be employed. And we are giving them a period to say within two years or three years we want that 10% of women to be employed. Those are the strategies that we are using.

In terms of skills development and employment equity, we have agreed with the employers to say that we are going to have intersectoral skills development facilitators in each and every plant or mine. That skills development facilitator will also be an employment equity facilitator. Because what we are saying is that we cannot easily separate the two. It would be very difficult for us to separate the two and because of the fact that that will be imposing more load to one person. That is what is happening so far in the NUM, I'm not sure whether you want a lot to be said because I can talk to you till the cows come home, if that's what you want.

**CHAIRPERSON:** Thank you very much. The issues are climbing up. I'm sure as we discuss along where we have commonality, then we're not going to repeat ourselves. But where there are really great strategies coming it would be good if we add on ideas. Next on line, NEHAWU, I'm sure they're here.

## NEHAWU

**MR MLULEKI:** Ja, on NEHAWU maybe we'll be talking more on challenges. I think particularly around the Private Health Sector because I think a lot of comrades would be covering the public sector here. I think the most problems that we face in all these bargaining processes would be mainly to deal with the workplace transformation, which is basically the issues that we raise here.

And I think in trying to address that we have tried to develop something that is called a Transformation Constitution for every company that will regulate the structures and how they operate and what are the issues basically that are supposed to be discussed. Now the Transformation Constitution will be from how your Transformation Council deals with issues, your National Transformation Committee down to your Workplace Committees. What is it that they do and how do they address issues there. We are hoping that might assist in providing some kind of a guideline, a direction as to how they should deal with issues. Because up to now our experience is that there will be those committees but clearly they don't know what is it that they need to deal with.

But I think in terms of major challenges that we experience also in the Private Health Sector would be the remuneration systems there. You know they'll talk about your base wage, they'll talk about your cost to company, which is called a CTC. Now we've seen a lot of companies adopting the CTC which is very problematic in that it minimises the improvements in terms of benefits. Because they tell you it's a big cake, it's already there. The company is giving you the package, so it's up to you how do share within the - Now if you have to come up with demands around your medical aids which keep rising, the issues of mortgages, it becomes very, very difficult. So that is one of the major problems that we have with particularly that remuneration system.

But the other thing that we also experience and I'm hoping that maybe the house will assist with ideas on these things, that's why I'm saying it's challenges. A lot of companies in the Private now they will be going for what is called is market benchmarking. Now

you go there and you try to negotiate, they tell you no we are in this process. And in terms of this process they'll tell you there'll be people who are already paid above the 100% high, based on the market benchmarking. Now that creates a problem because you cannot negotiate maybe an across the board or anything like that. Because they'll be saying those people above 100, it means already they are paid more than they should be paid in terms of their occupations.

If you succeed they'll tell you that those people can get what is called non-pensionable allowance. But it's the same thing with the medians and those who are very, very low. So you'll know those are systems that are run by your Rem Channels, your 21st Century Salary Solutions, Deloitte & Touche. So I think that's another area that maybe we think should be discussed and maybe if comrades can assist us with ideas as to how do you deal with this. Because really it makes it very, very difficult to say how do you negotiate because the employer already tells you. in terms of our research these particular occupations, this employee in this particular occupation is already paid above market, so how do you expect us to? I think basically those are the issues that I can raise here and I'm hoping that maybe comrades will assist with their ideas. Thank you.

**CHAIRPERSON:** Thank you, Comrade NEHAWU. There's an issue thrown on the floor, so if any comrades have suggestions around how to deal with this in your own responses, even if you've spoken earlier, please let's share those strategies. It's not just about us hearing what the problems are, it's also about equipping ourselves with the different ideas. So I'm really going to welcome that along the way, please don't let this go out. CWUSA, Creative Workers.

**CWUSA**

**MR MAJOLLA:** Thanks, Chair. As CWUSA, Chairperson, we're still in the process of mobilising. Regarding some progress that we've made, we've recently signed a Memorandum of Understanding with a company called Umoja after addressing a payment dispute of members with the employers. We agreed to have the employers on a

standard contract for all performers.

And we are in the process of engaging Soweto Gospel Singers, also on the same note of a standard contract for all members. We made a petition to the 2010 World Cup Organising Committee regarding the rights of the cultural activity that needs to take place during that period. Those rights were given to a foreign company called B&G and we disputed that. And those rights they were directed to the Independent Record Company Labels which is a new entity within the Creative Sector, of which we have a working relationship with the Independent Record Labels, whereupon we will be also looking toward a collective bargaining issue for this period 2010.

Also we have a lot of the internationals coming into our space and rendering a service. We are looking into addressing those. And I guess what is also just perhaps of a need, it will be solidarity from affiliates in relation to what could emerge towards the 2010 development regarding our cultural activity. And we might give a call at the right time, perhaps to be on standby but for now I'll pause. Thank you, Chair.

**CHAIRPERSON:** Thank you very much, CWUSA. I'll just remind you there are three things that so far are on the table. There's one that was raised on essential services, minimum services level agreement, which as we all know is the strongest instrument in the hands of the state as employer. Comrade NEHAWU mentioned that, I want us to apply our minds to that and if any of us has come up with any strategies, please let us know. I see comrade Kally's hand yes?

**MS FORREST:** I just - management which worked very effectively. Eventually it broke down but it's the first of it's kind and it was extremely exciting. So if people want to even just photostat the article or whatever, or me to send it to them or to buy outside here, please feel free to do that.

**CHAIRPERSON:** Thank you very much, Kally. The second one is an issue that was raised by NEHAWU, the salaries. You know, cost to company and what all this means in

terms of creating room for flexibility to provide more value for a wage. And benchmarking, market benchmarking, please apply that to your minds.

And the third one is the call made by the comrade from CWUSA about solidarity from the affiliates. It's a call to all of us effectively to do something, you know make an intervention, alright. Then we'll go to the next one.

**MR M BODIBE:** I tried to talk about this yesterday, comrade, that you see with this OSD, we want to migrate it to the private sector. What the employers do normally in the private sector is that they will call you alone aside and it becomes your secret, thinking that you are getting 100%, when you are actually getting 20%. So the disclosure of our own members to disclose their salaries to us as shop stewards, it's very fundamental to resolving this problem once and for all.

Because if we'd show them what it is that we can negotiate for, as opposed to what is claimed to be 100%, you'll find that they are being misled. And that's the strategy of capital to actually divide labour because everybody has got his or her own salary structure on appointment, you see. He has given me a package, this is a good package, you take it or leave it. So I think we need to also have those education strategies and campaigns against that particular strategy. But it needs solidarity like the comrades are asking for solidarity and we need to write articles about it. We need to go to the media about it and condemn it in the strongest terms. Thanks.

**CHAIRPERSON:** Alright thank you very much, Comrade SADNU. We're going on to FAWU.

**FAWU**

**FAWU:** Thank you very much, Chair, from FAWU, we have to approach soft bargainings. We have national companies that are throughout the country, South Africa. I'm just including those factories like Coca Cola or ABI, SAB, Cadburys and many of

them. And we are negotiating at a national level, we call those companies together. Not together, we call each company to negotiate at a national level and if those other companies are just provincially based, we are negotiating at a plant level. But here I'll be talking about those companies that are negotiating at a national level.

At FAWU we have a Bargaining Department whereby we have people that are deployed at a national office, dealing with those national companies, focusing on those companies only. And that office is just here in Gauteng. Our strategy for this year is the following, we are trying to move away from negotiating at company levels. We intend to form Bargaining Councils now where we are going to be meeting for the first time. We're having our Bargaining Conference next month, the 23rd and 24th of June, where we'll be trying to form sectors within the food sector.

Our picture is to have a big Bargaining Council for the food industry and then under that Bargaining Council we are going to have chambers like SAB and other companies that are just making the same product. Dairy Bargaining Council but under the big Bargaining Council, that's what we're intending to do.

And then with that we'll be just meeting our Congress resolution because we had been, some time back three if not five years back, given a mandate by the National Congress that we must form a Bargaining Council and we'll just be doing that this year. And in the very same Bargaining Conference, our goal is to come up with common demands cutting across other sub-sectors, so that it would be easy to join those companies once they have the common benefits in all those companies.

And we'll also be coming up with a programme of action as to how do we get there, a programme that we'll just run from day to day, if not week by week, until we achieve our goal. We are just also organising in a critical sector, farms, so far as FAWU we are struggling to get farmers forming the negotiating forums. Up until today we are still negotiating at a plant level, very few of those farmers are negotiating at a central point. It is because it's one company but there are no bargaining forums which bring together

different employers. We are struggling to get there but that is our goal to achieve.

But we are hoping that through - because we do have a Bargaining Council in the sugar industry, which was not functioning properly so far. But we are trying to put more manpower in order to change it. At this point in time it is controlled by the employers, they are dominating there but since we are there, we are trying to take that domination. So that we would at least co-opt the sugarcane farmers under the Sugar Bargaining Council because they are just related to each other, sugar and the sugarcane is one and the same thing. But our goal will be achieved through this forthcoming Bargaining Council, whereby we're going to open it up and see if we can just come up with a Bargaining Council that will be at a national level. I thank you.

**CHAIRPERSON:** Thank you very much, Comrade FAWU. Oh, okay, you want to make some additions.

**COMMENT:** Sorry, sorry, Cde Kimani. No, I just wanted to add something on FAWU because you know we are organising the private sector and the comrade was talking of national companies. Now on the issues of farms, the major disadvantage which we are having is the fact that there is a Sectoral Determination which has been determined by the Minister. And currently, the Sectoral Determination, the minimum is R1 090.

**CHAIRPERSON:** Which one is that, is that the one on the Agricultural Sector?

**COMMENT:** Yes.

**CHAIRPERSON:** Okay.

**COMMENT:** No, the farm the farm workers. So the Sectoral Determination is prohibiting us to fairly get a better increase. Because the farmers will just tell you, no look, I'm meeting the minimum requirement, so what more do you want to do. I mean, if you want, you can go and report to whoever you want to but as long as I'm meeting the

minimum requirement. And on top of it as well when the Sector Determinations were promulgated, very few real farm labourers were involved. So it was people in the offices who determined this because currently it is standing at R1 090. And with this price and the price of food galloping the way it is, I don't how our members are going to survive.

And then on the forestry because we are also organising the forestry industry, the Forestry Sector have got a determined minimum wage as well, which is another problem again, knowing how difficult it is to work in the Forestry Industry. Because they say it is one of the most safety and health risky industries following the Mining Industry, I'm witness to that. Now the increase which we normally table to the employers, as determined by the Minister, is inflation rate plus 2. So, yes, we can get above that but normally, like SAPPI last year, they did not want to move above, you know SAPPI Forest, they did not want to move above inflation plus 2.

Although we knew that if we could flex our muscles, but we must also understand comrades that these are the most vulnerable of the workers in South Africa and they've got little to get if the farmer or the forest people say no we can't go anywhere because they know that they can get cheap labour from Mpumalanga and these other rural areas.

So yes those are some of the challenges which we are having and I'm happy that recently the Department of Forestry and Water Affairs is looking into revising the sectoral determination of the Forest Industry. Because we made a lot of noise last year when there were talk shops all over the county. So there is a review of that after having discovered that really what these people are getting is very little. So, yes, those are the challenges which we are facing and maybe sooner or later all the COSATU affiliates are going to be requested to support us, especially on the farm workers issue. Thanks.

**CHAIRPERSON:** Thank you very much. Challenges and strategies coming up as well are very welcome. The question of sectoral determinations, please apply that to your minds because there's always a race for the bottom by employers. DENOSA, tell us what's happening in your sector, in collective bargaining.

## **DENOSA**

**DENOSA:** Thank you, Kimani, I will just be doing the private sector Netcare because that's the field that I'm working in. Obviously we did our negotiations unfortunately last year already and we encountered a problem with regards to CPIX. We started negotiations in October CPIX was 7.3 our ... increase was 8%, so when we eventually signed at the end of February this year, CPIX was sitting at 8.8% so that's the challenge we actually have.

And the problem that we're encountering is obviously the fact that we do not have enough research or documentation that can enable us to actually predict where we would be sitting then three or four months later, to say to the employer that we want more. But I think from yesterday's discussions and presentations we got quite a bit of information that will assist us with regard to that.

The other problem we have is the employers pushing more towards PMB, performance based increases, instead of giving across the board increases. To the extent that below-performance employees, they're actually basically not wanting to give them an increase. The other problem we're having is there are three unions that are negotiating in Netcare. We have DENOSA we have HOSPERSA and NEHAWU and we're all on our own. So the one union is saying forget about the BEEs, we don't care about them, you don't perform why should you get paid for it, right?

We sit in the middle, we want our employees all to be recognised and at least receive a cost of living increase on a yearly basis. To the extent that we ended up getting a 4% for our below expectations. And then for our 'meets and exceeds expectations', an ATB of 7.5%, with CPIX sitting at 8.8 at that time. And then our 'exceeds expectations' got a little bit extra, to the extent that the employer used the ratio of 1.5 to be divided between the meets and exceeds expectations. So even there, what recognition does the person get who's really working that hard, so, ja, that's another challenge that we have.

What we did was we took the OSD of public sector and we asked the employer to implement that. The employer did not want to do it, so we declared a dispute and we took it to the newspaper. And obviously they don't want to be seen in a bad light, so they agreed then to implement it. But it was done so skewed, to the extent that there was no recognition for experience or even for years of service. It was all sort of clumped together for people between five and nine years, up to ten. They took the OSD from four years right up to ten and used the salary of ten years. So, meaning that employees who had not even developed the skill but just because they had the qualification, they got the recognition of the same salary of someone who's had the ten years' experience.

So it was a bit warped and obviously the challenge for us is to get the employer to implement it in a more reasonable and practical way for 2010. The other problem that we do encounter is what came out yesterday afternoon in the presentation, is that the employer will say to us that they cannot actually meet our demand because of the fact that their profits have decreased. They cannot meet our inflationary demand that we have set and our high salary demands are actually causing them to have to retrench. Which actually did happen but not in a nursing fraternity, because you can't retrench there are just too few nurses around, they rather retrench in a management sector.

And then as far as our minimum salaries are concerned, we also use the public sector minimum salaries and that we negotiate on a yearly basis, so it does increase in accordance with inflation, okay. And then just one other thing, WSP, Occupational Health and Safety, HIV and sexual harassment, we do have policies available for that. And we address these issues on quarterly national forums between the employer and the union. And just one last thing to tell you from an employment equity position, we were only females who did the negotiations, no men. Thank you very much.

**CHAIRPERSON:** You are not diluted, viva. Ja, you can see women are negotiating in this tough world.

**DENOSA:** Can I just say something else? And than you very much to Kimani we've sought his assistance with regards to the economics perspective and obviously the CPIX and how to manage that part of it. And how to interpret the Financial Report.

**MR MLULEKI:** He was the honorary woman.

**CHAIRPERSON:** Thank you very much. Shall I mention these two things that have come up from DENOSA's input. The question of performance-based increases because I know that one was nagging DENOSA seriously. Where employer kind of threatens you and says we're only going to increase the salaries of who perform and those who don't perform.

And very, very closely tied to that is the question of solidarity, I know Cosatu has struggled a lot. Comrades you'll accept this, those unions which compete for workers in similar sectors. NUM, NUMSA, where is NUMSA, don't you guys fight over some sector, am I wrong? There is DENOSA and NEHAWU, who not and who not, and yet we're supposed to be fighting for workers. So it flies over my head I don't understand why this thing is happening, but please comrades say something about that in what we need to do.

And just quickly the question of publicity I thought that was interesting, that DENOSA publicised the dispute. And some employers in the private sector want to be seen to be very good people so they don't want to be put there in a bad light. SADNU walked out of the Bargaining Chamber two days back, I hope that we'll create enough publicity. But it's a strategy which I believe we can use from time to time, we need to know how effective it is. Okay, you'll say something, just before that I see it's one o'clock we're halfway through, can I ask that we just get rid of this for the next half an hour and then we're done. Okay, comrade.

**DENOSA:** The publicity thing, it had a huge influence on their share prices, in such a

way that their share prices fell with more than R2. So that is where Netcare met the demands.

**CHAIRPERSON:** Let's hear from CEPPAWU.

**CEPPAWU**

**CEPPAWU:** Briefly, comrades, there are just two issues which are serious at the moment. The question of labour brokers within main clients, the big companies. If you can remember recently what happened in Sasol, whereby the outcome is that the supervisor from Sasol is the one who has instructed those labour brokers to do certain work.

Because those labour brokers don't have their own supervisors and in other companies we are having the same problem, where labour brokers are being instructed by the supervisors to do 1, 2 and 3. And if they don't, then they just dismiss them and they say that labour brokers will be saying it's not me who's dismissing but it's the main client. And the main client is saying I don't want this person on my premises, you can see what you can do with this person. And at the end these people are losing their jobs.

The second one which we are seriously dealing with now is the question of the extension of the Bargaining Units whereby we've got a number of our members who are outside the Bargaining Units. So presently we've got a certificate from the Bargaining Council where we'll try to look into mobilising our members, to say we need to fight for those members to be negotiated for. Thank you.

**CHAIRPERSON:** Thank you very much, CEPPAWU, the problem of labour brokers doesn't seem to go away. If other unions are dealing with the same, please you'll bring them us. Can we then go to PAWUSA?

## **PAWUSA**

**PAWUSA:** Thanks, Mr Chair. We've been covered by most the public sector unions. The one thing that I just want to reiterate again that's a big problem to us is the essential service factor. That's really hampering us in the public sector whereby the employer actually has the hold over us and has the better of us, whereby we cannot do anything and they pull out that draw card of essential services. Thank you.

**CHAIRPERSON:** Thank you very much. NEHAWU in its document, there's a document that you did, your Collective Bargaining Unit. After signing the big agreement last year with the public service, there was meant to be a unit or a team that was to be formed to investigate the signing off of the minimum services agreement. And from NEHAWU's document it shows that that was not put in place.

In spite of that big resolution saying, that if that unit will not be in place by November, each party could explore the possibility of legal action, it doesn't seem the unions have taken advantage of that. So, Cde Craig, please note that and the other comrades in public service including SADTU and SADNU as well. That there is that, I wonder why unions have not taken the Minister to court or are they guilty themselves? Anyway let's move on to POPCRU.

## **POPCRU**

**POPCRU:** Thanks, Chair. We are here in numbers. Chair, yes, I'll come to the issue of minimum service at a later stage. For now, I would like to start by saying that sometimes we take the employer for granted. When I joined Correctional Services, I used to say that the employer will not do something wrong because they're supposed to know better when they implement something.

But shockingly, what I'm going to tell you now is what I think is shocking. In the Department of Correctional Services, South African Police Services, South African National Defence Force, there are state houses that are built for employees to reside there. Now since I joined, people are paying rent for those state houses and it's something that I thought, ah, it's fine, it's supposed to happen.

In 1999, through Resolution 3 of 1999, there's a clause that excludes South African Police Service and SANDF and SAPS as members who reside in state houses to pay rent. Now, only somewhere last year September, we started to enquire particularly from the Department of Correctional Services, will you please provide us with a document, a policy or any kind of legislation that gives you authority to deduct rent from members. And we only raised that because they were increasing the rent from around 200 and something to R500. There were other rumours that it is about to go to market related, 1 000 something per employee.

Now they could not give us anything that gives them that authority. And we learned that they've been writing to Treasury, requesting Treasury to give them some sort of guidelines why is rent being paid. Now, it's shocking when I think that the possibility exists that we will go to arbitration and win this case. That in fact, these employees were not supposed to pay rent since 1999 but they were paying rent. Now going back to members and saying *jong*, guys in fact you were not supposed to pay rent since 1999 but you did pay, it's a little bit scary when I think of that. So, really employers need not to be taken for granted, we need to question almost everything that they do. There should be some kind of evidence or proof of some kind that gives them authority to do whatever they want to do.

Recently on some of what we think are achievements, we've managed to achieve compensation for employees who die on duty or in the line of duty in the Department of Correction Services. They were not compensated all along but now there's a compensation of around R200 000. There are challenges of course, Chair. One of those challenges is that we do organise in traffic, traffic officers, and in those traffic officers

you'll find that each province pays traffic officers differently. The terms and conditions of service are different, in Gauteng some are getting more salaries, in Limpopo they're getting less.

**CHAIRPERSON:** The one in Durban, the millionaire in Durban not that one?

**POPCRU:** That's Metro Police that's SAMU, ja. Now what we have done to deal with this challenge whereby we negotiate different terms of conditions throughout the country, we have to sought to nationalise traffic, to demand that traffic should be nationalised. And part of our strategy was to engage in bilaterals with Minister Jeff Radebe as well as the ANC.

We are happy that at the end, part of the resolutions of the ANC is that traffic should be under the National Commissioner of the South African Police Services, which in our view will then nationalise traffic. You will then have the same conditions of service for all traffic officials, so there we are making headway. The other, we know of course NEHAWU is also organising there in traffic, we'll engage them somehow, our comrades, for a hand over of those members to us.

And then in the South African Police Services, Chair, the current challenge is the incorporation of the Scorpions to the Police. You have a situation whereby investigators from the DSO are earning more than what police investigators do. So the challenge there is to ensure that we equalise those salaries. There are rumours, we don't how true they are, that the Minister would like to have, when the Scorpions come, to create a unique or a smaller sort of Scorpion again with SAPS. So our challenge is to ensure that we have them as part of the police, rather than in a separate unit. We hope we will deal with that successfully.

We're also organising private prisons, Chair, and yes in private prisons, again we have different terms and conditions of service. Our strategy to deal with that is that the Department of Correctional Services is the one that gives budgets or supports the private

prisons. Now we said we want to embark in a situation whereby before they agree on terms with the private prisons, because there are about seven that will be coming, seven or five, that will be built soon.

Now what we want to do is that before the service level agreement is signed or - an agreement is signed between the state and those private prisons, we should ensure that there's a clause that ensures that employees in private prisons will earn either equal to or more than what their counterparts in correctional services are earning. Currently they are earning far less and some do not even receive danger allowance in private prisons, while in the public service they do receive that.

Chair, the issue of minimum service, yes you're correct, there's supposed to be a task team, there is a task team at the PSCBC that is dealing with the matter. Recommendations, or a draft agreement, has been sent to PSCBC for negotiations to commence. However, Chair, I do not see an agreement coming through out of those engagements, precisely because the employer would not like to see a situation whereby they compromise staff. Currently, Labour's position is that 30% of staff should remain as those dealing with minimum service and 70% go on strike or any industrial action. The employers are not agreeing.

Our fall-back position from my organisation is that we're going to say, okay, give us 50/50, 50 goes to the streets and then 50% remains. Unfortunately, that seems not to be going to be adhered to. What I foresee happening, Chair, is that there won't be an agreement, we might go to the route of conciliation arbitration, possibly to Essential Services, up to the Constitutional Court. I do not see arbitration coming out with a fair award. I also do not see the Essential Services Committee coming out with a fair resolution on this matter because in the first place, it's essential services who designated this, despite the fact that we submitted our submissions against the minimum services.

So in short, Chair, that's what I would like to say, unless my colleagues, these are our national co-ordinators and national negotiators, maybe they would like to add something.

Thanks, Chair.

**CHAIRPERSON:** Thank you very much, Cde POPCRU. Any brief additions from the colleagues from POPCRU, very brief? It's fine. You have one mind. Alright, let's then go to NUMSA. Okay, the microphone here, please, to NUMSA, we are nearing the end.

## **NUMSA**

**NUMSA:** Yes, Chair. Thank you. I think we'd like to share our experience with regard to the achieving of a minimum wage for petrol attendants in 2007. One is that we started these negotiations or reached agreement on how to deal with it in 2004, though using the two studies or research from the University of Nelson Mandela, which was UPE and UNISA on living levels standards and households level standards, where we convinced the employers that we could not continue with the workers earning less than pensioners, whereas at times they're working up to 12 hours at a time. I mean, that's a fact, Chair.

The process thereafter was to engage the Department of Minerals and Energy because petrol is regulated by the DME. One of the lessons or one of the processes that we engaged the then Minister of DME in bilaterals and got a commitment that she would like her department to address that matter. Secondly was to also, in the process that we were engaged in, both in 2007 and 2004, was that we used so strong arguments from the research that we divided the employers. There are two employer organisations. We had one on our side and the other could not do anything but to follow suit.

Three, is that the problems with your political decisions is that I think that has been also raised time and again by the public sector unions. Your management, your Director Generals, your DDGs will be singing another tune when you engage with them and I don't know whether it's just to try to consolidate their positions as tough guys, I'm not sure. But the problem has been that we had lengthy debates and negotiations with the Deputy Director Generals and the Director Generals in order to convince them of the commitment made by the Minister.

Then we finalised the negotiations in the 2007 round, which gave the petrol attendants R509 per week from around R299 per week. But then the other aspect is that this avoided the strike by the petrol stations. If you recall, we had the motor sector strike but the petrol stations, there were no strikes, which also brought a strain to that strike because now it was in a sense dividing the workers. The one downside of it, Chair, is that most of the - we were hoping that with the publicising of that achievement, all those petrol station workers would join NUMSA. They have not but we're working on getting them all to be NUMSA members out of that achievement.

The other thing that we have mooted to the Department of Minerals and Energy which they agreed to is the whole sector is not transformed, while we see some black owners of petrol stations but the workers themselves are not benefiting anything. We are looking - we're planning at coming up with some kind of a triple BEE plan in order that the workers start to be beneficiary of the whole transformation of that sector. We are hoping to also engage with CEPPAWU in order to that we understand the whole value chain as well as being able to jointly deal with the oil companies. Because on the one hand, they are also suppressing those at the end of the value chain, especially the petrol stations. Thank you, Chair.

**CHAIRPERSON:** Thanks a lot. I see an addition there. I just want to appeal to the comrades, we're just about to get done, so please a bit more patience. I know our patience is running thin. Just three or four more affiliates, then we're gone. Comrade?

**NUMSA:** Ja, thanks, Cde Kimani, I won't be long. Just also to add that you have to understand that NUMSA, we're organising in four sectors. But the key issue that is actually happening on the publicity around the media is around the long-term agreement that we've entered to. Which most of you are quite aware that we've got a three-year agreement and that particular three-year agreement at the present moment, since we have started yesterday around the question of CPIX or CPI, which have put us into a disadvantaged angle. And at the present moment, as the organisation, the central

committee have taken an a decision that we need to revert back to the employers in terms of how to open those particular negotiations.

I must tell you it's a great challenge in that regard, because it's you scratch my back, I scratch yours. So it's a very difficult situation that we find ourselves in because the agreement has been signed and it's just a question of going and beg and at the very same time, in the metal industry we're in the process of reducing the grades as well. So that's another achievement also we are fighting for, reducing the two grades to remain with Grade F. So those are the developments also that are taking place at the national negotiations. Thank you.

**CHAIRPERSON:** Thank you very much. Can we move onto SAMWU? You want to make an intervention, Kally, short.

**MS FORREST:** Sorry, I just want to comment on the comrade talking about the petrol attendants, just because they used a very old tactic which was spoken about yesterday, was the workers went back to the drawing board and they drew up their own living wage demand. They went through each item which was a tactic that was used in 1980 by the Volkswagen workers. They said we don't want PDLs, we don't want a household subsidence levels, we don't want any of this, we're going to draw up our own living wage and that's where the living wage grew from.

And these petrol attendants did this again this year, they went back and they said to the Minister, this is - we've drawn up what we need and this is what we want and they actually doubled their wages through that process. So it's still a tactic that can be used.

**CHAIRPERSON:** It's still an important tactic and we must learn of it. SAMWU?

**SAMWU**

**SAMWU:** Thanks. Thanks, Chairperson. We will try and summarise. Fortunately for us,

comrades have observed that these days we're on the streets, which clearly reflects that bargaining has reached a proportion that is disappointing at local government level. But maybe we will try and start by saying that we are operating on a highly unequal sector. Of the 284 municipalities that exist in the country, you almost have 200 different wage curves that exist.

So we're dealing with that, but the most interesting challenge, we know our comrades maybe in the public sector, they think they suffer it, we suffer it most. Because we meet our comrades in the corridors who are Mayors and currently as we speak, the problems that arise in the regions, in the BC meetings, you'll find them in the municipal corridors. As we speak, the Provincial Chairperson of the Eastern Cape Province, he's dismissed. When you look at the charges, when you submitted to Bargaining Council, they just wondered if these are charges that they dismiss a person.

So that's the situation, the interference of politics in administration by our own comrades, it's such a huge challenge, which we can safely say even Umkhulu Kgalema failed to assist to resolve at some point in time.

But then we also have a huge challenge with the central government, whilst we say local government is a sphere on its own but what happens is that when Trevor Manuel reads the budget and he says local government has allocated 6%, then municipalities automatically conclude that that's the increment we should get. So that's another issue which is a challenge for us.

We won't hide this one because it's now a committee issue, sometimes we feel affected by our own shop stewards who, when they're strong, they're taken into management. And the most serious one is the declining employment, we'll just give statistics at a national level. The municipalities that were serving former white areas and very few black areas, in the 80s, the staff complement was 290 000, in the 80s. The municipal level or local government level currently that has to service even rural areas, extended boundaries, you have 180 000 workforce. Which is why sometimes we dismiss this notion that lack of

delivery in local government is caused lack of skills, it's a lie. We can engage on that one.

But then, there are other issues, the issue of essential services. Our position as a SAMWU on the this one, whilst we do negotiate, sometimes we win good essential services agreements, we still believe that the position taken at the last Cosatu Congress should be implemented fully, to say let's review that clause in the Labour Relations Act that talks about the essential services. We still feel strong and we believe at some point in time the CEC will allow us to go out and express ourselves on this one.

The other issue is the challenge that we face at local government of provincialisation of services. Our understanding is that provinces were a strategic compromise in the negotiations at Kempton Park to accommodate the IFP, to be precise. But now we feel that provinces are being strengthened to an extent that services are being removed from local government to province. And the issue of the single public service which we believe has not been consulted well.

Then lastly, the one that Cde Kimani showed it yesterday, the issue of Section 57. Whilst there are these different salaries paid amongst the municipalities, then they become worse when you go to managers. You've got a Municipal Manager whose income for the municipality is 150 000 per year, then include maybe a ten million or five million grant from government, but then the Municipal Manager earns 500 000. These are discrepancies.

Then the strategies that we've used, we have a strong national centralised Bargaining Council but we do have delegated issues to provinces and even at local level, which is why you find municipalities are out. Until June, comrades, we have these industrial actions at local government to fight a range of issues.

But also we have had some achievements, because of the outsourcing and privatisation of issues, of services, we have won an agreement in the Bargaining Council to say any agreement that we sign, whether on salaries, whether on medical aid, whether on

conditions of service, it should be extended to anyone who is operating within the local government sector. We hope through that victory we are going to be able to force out the private companies, because right now the conditions of the people who work in the private companies are very worse.

We share the same sentiments with NUM on the issue of Health and Safety. I'm sure we'll take it to our NEC to say let's join the NUM on ensuring that health and safety. Many of our workers who work in the sewerage are very sick because of poor health and safety standards, particularly sewerage and waste.

And then the other achievement that we have had is the reduction of wage gap. We are currently engaged in an agreement that will reduce the wage gap, but we've won an agreement which we're sure that we're going to change as we're going to start salary negotiations again. That in local government the minimum wage now is supposed to be 3 500 but those municipalities who do not have money, we are sure that the minimum stands at 3 200 at local government. That's one of the achievements that we have. Ja, we could say a lot, Chairperson, but let's stop there for now.

**CHAIRPERSON:** Thank you very much. I thought you'd say a word about the labour brokers, the Tshwane industrial action and labour brokers. Very briefly, yes.

**SAMWU:** It's not them, Chairperson, we'll give you a list of why we're on the streets. As I speak to you, workers in Pietermaritzburg in KwaZulu-Natal are on the streets. Last week in Durban they were on the streets, together with Tshwane. It's our national campaign to express ourselves with regards to issues of the - firstly, as we've said, the vacancies. Many municipal managers and Section 57 managers are paid performance bonuses for doing well, but if you go there, what is it that they've done? They've made some savings by not appointing people, because those positions are budgeted for.

Let's make an example. Egoli Municipality is supposed to be appointing almost close to 60 000 workers, right now it's sitting at 38 000. You go to Ethekewini it's supposed to be

appointing 35 000 workers, right now it's sitting at 18 000. Right now you get a municipal manager and Section 57 managers being paid bonuses for doing savings. These are issues which are taking us to the streets.

Then beyond the issue of the vacancies is the issue of the agents and brokers and we can tell you right now, that some of those brokers are our own comrades, councillors who are involved and managers who are involved. It's the information that we have, which is what has caused frustration to workers. It's a whole range of lists, Chairperson, including the issue, as I've said, of skills. You go to any municipality, you find that the people who are doing electricity are the people who are paid the money for being general workers, not electricians, but they are the ones who are doing that.

The people who are doing plumbing work, which is why our position is that this concept of skills shortage, sometimes is exaggerated because we'll tell you that at local government you need engineers to design only. The people who'll do the work, will be your artisans, which will be your plumbers, your bricklayers, your electricians and you don't need Maths and Science to be a bricklayer, you don't need Maths and Science to be an electrician. Actually, we can prove that we've got a lot of workers who are doing this work but they're not paid for. Those are issues that are taking workers to the streets, not only the issue - ja.

**CHAIRPERSON:** Alright, thank you very much, Cde SAMWU. We have SAMA, SASBO, CWU and SACCAWU, only four left. Can we get SAMA, if you could summarise. Sorry, I'll have to be ungenerous now.

**SAMA**

**SAMA:** I'll be very brief. Thank you, Chair. I think as SAMA, we share the same sentiments, I think that have already been alluded to by my fellow comrades from SADNU and DENOSA and NEHAWU about the OSD and I think one of our challenges in SAMA is the fact of the things that we already talked about. The capacity, the

development and the education, in terms of even if you represent people, doctors are not really interested in negotiations and things like that. So when you try and bring them together and say let's talk about OSD, you'll have very minimal input from even the various sectors.

Our other thing is that we are really looking at, at the moment, is the safety risks posed at the different hospitals that have been much publicised from students and doctors and people actually being raped or being attacked at hospitals. This is a real great concern for us because you know a hospital is a very open place, you can't really stop people from coming in and out. But at the same time, our members still have to deliver a service and we feel it should be in an area which is quite safe.

The other one is gender disparities. I don't want to bring that up again, but really this is - you know, traditionally the medical profession has been very much male dominated and if you look at people, let's say the registrars who are training specialists. They still have - even if they take maternity leave, they still have to pay back that time in terms of the different regulations that will say to you, you have to finish in four years and if you are pregnant within those four years, you have an additional four months. You can take your maternity leave, but you - and we feel that this really not catering to the reproductiveness of, you know what to -

And this is really again going to impact on whether - so we are basically going back to saying, that means that you are saying in actual fact, that female doctors should not further their training. Because once you further their training, they are actually - they don't gain from that in terms of - you discriminate, it's actually quite discriminatory. Or are you saying they should wait until they've finished their four years? And if you look at the age, if you are straight from matric and you pass very well, you should be finished medical school at 25. You have another 3 years, 26, 27, 28, this is the time that you are actually getting married and having kids and this is between the 30/35-year age groups. So are we're saying to people, you should only have kids after 35, once you've specialised? And these are the only things that I really just want to highlight. Thank you.

**CHAIRPERSON:** Thank you very much. Serious gender issues there. SASBO, unless there are additions? Okay, SASBO?

**SASBO**

**SASBO:** Thank you. Just to give you some background, SASBO obviously are organisers in the private sector amongst the banks and insurance companies, financial institutions and we've got recognition agreements with probably almost 20 different financial institutions and there's negotiators on a national level. There will be one for, for example, Absa, there would be one for Standard Bank, one for FNB, etc, and I'm one of those national negotiators and I'm focused more on smaller banks. I'm fairly new, I've been appointed earlier this year. My colleague was here yesterday, Comfort Duma, he's taken over the Absa portfolio also earlier this year.

Just to give you some of the things that I think is working well for us in the finance sector, one of the things we've pushed for quite hard and we've managed to secure over time, Cde Chair, I'm aware of time so I'll try and sum up very quickly, is the payment of bonuses in line with profit sharing. So whilst it's non-permanent money, it gives people a reward and recognition for their efforts in contributing towards the profits of the company.

There's a combination of issues here but I'd like to say quite openly that we've secured settlements in the finance sector generally without having to resort to industrial action. That doesn't mean that we do not have a challenge in terms of negotiations but at the same time there's fairly different risks that the employers in the finance sector, I think some of them have been mentioned here. I mean, there's the issue of publicity, risks, security, especially financial risks, especially in the banks and generally even at the time where we've balloted members and members have indicated that they're in favour of a strike if a certain demand is not met, at the point of dispute, at the eleventh hour, we sometimes manage to settle agreements, even if it wasn't the intention of the employer to

come in at that level. So, ja, we certainly use power play to try and get settlements there as well.

In some institutions we've managed in terms of the female part of the workforce, we've managed to settle for 100% paid maternity leave, which I think is quite a good achievement. There's a number of institutions which have Cost to Company package structures and what that does is it dissolves the focus and the differentiation of components of package, of one's remuneration towards certain things like pension and medical aid and group life cover and things like that. And what's happened is over time, you find that the medical aid inflation outstrips whatever increases have taken place on their packages. So what we've done in some institutions is secured a separate medical aid allowance to bring them up to speed with whatever they've lost there.

A couple of years ago, and I think this is something that was publicised quite nicely, is that the Bank SETA was nominated the Department of Labour as meeting all the standards and voted No. 1 and that is just indicative of Labour's participation there. We've raised the bar in terms of the minimum salary earned generally in the finance sector. In terms of comparing of grades and salary scales, one of the things that have assisted us is our participation in remuneration surveys which gives us information which helps us and gives us a competitive advantage when negotiating with employers in terms of pay equity and market competitiveness.

This is the resolution that was passed a number of years ago, but over the years, we've tried to get member representation on the various Retirement and Medical Aid Boards of Trustees which allows for communication to the union and to members in terms of changes that are coming through. And at the same time, if there's certain interventions that we need, we can always push it through the members that are represented there.

Something that we've come up with, I think it was published in our latest edition of SASBO News and I'll talk a bit about that just now, but something that Senior Secretariat have decided to implement is what we call the ranking of employers in our sector. So

those employers who we've got a recognition agreement with, we've picked a number of important aspects of the relationship and aspects of negotiations and criteria, and we've voted on what we believe they come out in terms of that criteria. And that's been published now in SASBO News which is circulated amongst all members, so employers themselves can see what we think of them and what we believe they are making of this relationship, whether they are recognising us or not, etc. And we're hoping that this will place pressure on them to improve if they are lower down in that order.

Just in terms of SASBO News, this is quite an important instrument because all members and management receive SASBO News and in SASBO News, they can see what their competitors are doing and where SASBO secured amazing benefits in some institutions and others haven't. It's also an eye-opening experience for them to start also catching up.

But all is not good, we've also got lots of challenges. Some of you may be aware of the FAIS Act which is the Financial Advisory and Intermediary Services Act and what this Act has done, it stipulated that there needs to be a minimum educational level of qualifications in order for employees to perform in a specific role. Which means that by a certain cut-off date, if employees don't meet those minimal criteria, they cannot perform in that role or the employer could be at risk of losing their financial operating licence. This is a huge challenge because there are a number of employees who are not meeting this criteria and whilst there are training interventions that are being implemented for people to try and raise their qualifications, there's a deadline that's looming and one of the things we're considering now, is to write to the FSB to get the deadline extended.

Another common trend that's emerging is extended working hours. Employers are looking to extend the hours of banks in line with the operating hours of most retailers in shopping malls, etc, including extending their operating hours to Sundays as well, which is a huge challenge for us. You guys must understand, that in the banking environment, people are working from 8.00 to 4.30 or 5 o'clock, from Monday to Friday and they work in most cases on alternative Saturdays. So when I say it's a huge challenge for us, I mean, from the perspective of people who are working on those type of employment conditions

and you now say you must work from 7.00 to 7.00 or you must now work from Monday to Sunday. Do you understand, it's a huge paradigm shift.

The other thing is that there's a huge turnover in the workforce, I mean, the turnover is around 12 to 14% and we're finding that there's more a younger workforce and there's generally a - the workforce is a combination of skilled and highly skilled employees. And the challenge of recruiting people and keeping them within the union and getting them involved is ever-increasing and growing. And that's about it.

**CHAIRPERSON:** Is that it? Okay, thank you very much. Sorry, we have to rush you so fast. We have CWU and SACCAWU. We have about five minutes for them to do that. CWU, two and a half minutes.

**CWU**

**CWU:** Thank you very much, I hope I'm going to make it. We are in the main organised in the Post Office and Telkom and some smaller organisations, like broadcasting. I mean, the sector is broadcasting, cellular industry and even the Regulator. What I can say, because there's not that much, because it's quite a hostile environment, is that in the Post Office we did manage to get part-timers to be permanent. Those part-timers were the people who were working from 7.00 or sometimes 6.30 until 11.00 on the mail sorting service. So all those people were converted to permanent employees and they are called permanent part-timers in the working environment.

We tried to extend that, particularly here in Wespos in Gauteng to the employment agencies, Kelly Girl and Quest but they are not really honouring it. Maybe it's managing that agreement which is a problem because sometimes you find that contracts are renewed more than twice, yet those people are not yet converted to permanent employment and it becomes an issue of fighting.

Then the most hostile company is called Telkom. I think some of you know. One of the

strategies which remains a challenge to CWU is that Telkom, since it's processes of retrenchments, it introduced that system of voluntary severance packages, which makes it difficult now, because once the package is out, it gets individualised. And now it has been difficult for us to discourage our members not to be attracted to those packages. Hence, Telkom, you will find time and again, they will deny that they have retrenched 23 000 people and maintain that those people by their own choices took those packages. And it's been a serious challenge.

Another advantage that we got also with Telkom and it helped us in organising Vodacom, was this situation of a gain sharing. We agreed to have a gain sharing at Telkom and the minimum was at 10 000 if the performance was good. Now, the bulk of the income from Telkom was coming from Vodacom, yet those employees from Vodacom were getting 5 000 as a bonus. So as a result, that's what made it easy for us to organise them, I think you may have seen the strikes of last year. But unfortunately because Vodacom - actually the cellular industry is linked to America or Britain and they've got quite a very, very horrible attitude into having those areas organised. As a result, we had shop stewards and everybody disciplined left and right there but anyway, we are still dealing that situation.

Another strategy that Telkom came up with, particularly with the technicians, is reporting at home that is destabilising, particularly the calling of general meetings and all those things. Because each and every faults man or a fitter will not report at the office and only be informed at home that you've got a fault or you must go and install a telephone at a particular place. Now as a result, workers will only come at a particular time to the offices and just only move straight from home to the faults and it's not easy then. I think it was a strategy also to disorganise us.

The other little thing that I think is worth mentioning with those smaller companies, because we do not have a centralised collective Bargaining Council, we have collective agreements. We had a situation in Sentech where we changed from this percentage increase and introduced the monetary value and the intention was to try and see if we can close that wage gap. And then we had this ballpark figure, because it was never

investigated, 850 as an increase. As much as it was a good increase for those low paid, under 4 000, 5 000, as an entry point but those who were earning higher salaries in the region of 16 000 and 21 000, they felt short-changed. Hence the result, there was a sort of disunity amongst workers. But we managed to get the union that was competing with us, getting de-recognised. It's operating in the SABC now. Thank you very much.

**CHAIRPERSON:** Thank you very much for that. The last one, Comrade Patricia, from SACCAWU.

**SACCAWU**

**MS APPOLIS:** I think we also operate in the private sector so most of the things that comrades have said applies to SACCAWU. There are just three issues that I want to raise, just in terms of the challenges facing SACCAWU and also how we've tried to address it.

I think the one major issue is the issue of casualisation and we've over the years, we have always included the casual workers into our collective bargaining or negotiations, as part of demands of casual workers in terms of benefits and also in terms of progression to fulltime employment. So at various companies you would have, like Pick 'n Pay you would have various categories of workers who are going to progress to fulltime employment. We ensure that we guarantee at least a number of hours that comrades actually work.

So you would have, for example, your variable time employees, you would have your part-timers and then you will have your permanent part-timers. And included in that, if there is any vacancies in the stores then these comrades must then fill those vacancies. We don't get people from the outside to fill those vacancies. So that has always been, over the years up until today, always been a core central negotiating issue. In actual fact, Shoprite Checkers took to the streets three years ago, precisely over the casual workers benefits like provident fund, medical aid being given to casual workers.

So that is one of our core negotiating issues. At the moment we're also facing mergers, take-overs and acquisitions of these various companies in the commercial, retail and in the hospitality sectors, being taken over by other companies. So we also need to - and we're also ensuring that at least jobs are being protected, working conditions are being protected.

So these are not part of the major, the streamlined negotiating agenda, it arises through the time and we have to then initiate the negotiations and also refer the matter to the Competitions Commission. Then there's a major strategy, offensive of the employers at the moment, is the 'Wal-timisation', you know Wal-Mart, the international company, the 'Wal-timisation' of the retail sector.

Companies now actually trying to restructure the retail sector, restructure the workplace in terms of extended hours which is already there but they're going to increase that kind of workplace restructuring. So we have a dispute at a number of companies over the restructuring of the workplace, for example Pick 'n Pay. Can I just give you an example about these extended hours and working on Saturdays and Sundays. It's not simple that fulltime employers actually work on a Sunday. They get casual workers to come in and work on a Saturday and a Sunday and extended hours, say from 5.00 to 9.00, it's casual workers that come in, it's not the fulltime employees. So I think, just to explain to comrades who don't understand how these extended hours actually work, in order for the company to actually save costs.

Now, we've got a dispute with Pick 'n Pay. Pick 'n Pay, usually the union holds its meetings on a Sunday because our workers work on a Saturday. What Pick 'n Pay then had said, we convened a general meeting over this restructuring of the workplace, of the company without consultation. We convened a meeting, a general meeting. The company interdicted the union and said that the variable time employees, the casual workers, cannot come to the meeting, they must work, even those workers who have not been scheduled to work that Sunday.

They interdicted us, comrades, they said no, we can't have that meeting. Those workers who are our members can't come to the meeting. So we had a long to and from interdicts and stuff like that to courts. What happened, they disciplined even the workers who were not scheduled to work, they disciplined them. Then, the fulltime employees and those that were scheduled to work then took strike action in support of the workers that were disciplined.

And at the moment we're having a dispute about that as well because they are disciplining workers, they're taking everybody for disciplinary enquiries and they said this is a dismissible offence, they've taken away people's benefits, the workers' benefits and so on. So this is the offensive of the companies to ensure that they break the union. So it's not easy just to say that these extended working hours and so on, it's okay. There are implications. We're also having disputes about labour brokers. At one company we've got a dispute about these employees, the labour broker employees, must be accorded the same rights and conditions as the fulltime employees in the company.

There are a number of disputes that we are fighting because the companies are on the offensive. So what that also means, that other traditional negotiation issues are now being stalled, for example, your wage negotiations, for example at Pick 'n Pay. In actual fact, at Pick 'n Pay we've got three disputes at the moment. Ja, comrades, I don't want to keep comrades up, ja.

## 5. CLOSING REMARKS

**CHAIRPERSON:** Thank you very much. Okay, I hope no additions. Now there's a short announcement that Cde Mluleki will make and then I'll just say the last closing remarks and we will leave.

**MR SENENE:** Thanks for that, Comrade. The announcement is very short to say that we have experienced a xenophobic-related violence in the East Rand in Ekurhuleni Municipality. Then the NUM from its central committee raised funds, in fact we forced the bosses, the mine bosses to give us money. And also our worker's bank that is Deba Bank. Deba Bank gave us R150 000, then we donated R50 000.

Then the mine bosses also gave us money but it came up to something like R500 000 and other employers also donated blankets and food parcels. Then the announcement is that tomorrow at 7 o'clock we would be meeting at the Civic Centre in Germiston with the purpose of visiting all the affected areas in Ekurhuleni to extend the hand from NUM. We then invite all the comrades who are staying at Ekurhuleni to join us tomorrow so that we can do the job together. Thank you. Germiston Civic Centre, yes, thank you.

**CHAIRPERSON:** Alright, Comrade NUM, Mluleki. We've come to the end and the usual remarks, I want to avoid them as much as I can. Unfortunately, sometimes one just has to say it so one sounds like a broken record. I've got one thing I need to say, all this has been recorded by our very able team here and we're going to turn this into a workshop report. Sometimes it runs into very many pages.

So what we're going to do is, I'll write a summary, maybe ten pages or so, from the main report and then we will put both the summary and the big report on our website. I do know there are comrades who don't have access to the Internet, so I will also make provision to send it out to all of you. But if you can save us a few cents and Rands, we at

NALEDI we are struggling, we try to look for money, we send you those emails, we pay for them.

You might as well just go onto the website, NALEDI's website, Naledi.org.za and get that report. I'm hoping to get that report out within the next one month, if the comrades from L&B can get me the transcript in two weeks. Good. So you'll have that.

Now let me do the usual things. I want to start by thanking, who should I start by thanking? I really want to start by thanking all of you, comrades, for coming. The response was phenomenal, it's been very good, very encouraging. We had the first workshop last year, we had this one now, we're going to have another one next year. We're hoping to bring it forward, not in May, preferably around March because that's when the negotiating round begins. So we'll try to do that, comrades and thanks for this enthusiasm.

Secondly, I want to thank the comrades from NALEDI who've given the Collective Bargaining Project a lot of support. Cde Tiny was in my project before she decamped and went to a different project. But she played a very big role initially in collecting the agreements that she sent through. She's still one of us.

And Cde Lucky Mosiane, it's interesting, Lucky has been forwarded to us by the Department of Public Works as a learner. He's learning research skills. And this is one way that we have to look at creating skills amongst our young people. So we're doing everything we can, he's really played a massive, massive role. Please give him a hand, he's helped a lot in all of this.

And lastly, I have to thank our funders. If I don't do that, we're unlikely to meet here next year, FES, Cde Bethuel, Friedrich Ebert Stiftung Foundation. They've been very, very kind to us, they've always helped us, last year, this year, I'm even sure next year they'll be there. Comrade Kally has always been very good to me, giving me ideas and other things at the same time, in terms of thinking.

So I really appreciate it, thanks a lot, travel safe and we hope that we'll be in touch all along the way.

Thank you very much.

**WORKSHOP CLOSED**