



Report of the FEDUSA Collective Bargaining Conference held at the Parktonian Hotel, in Braamfontein on 27 & 28 January 2011

Executive Summary

Day 1: Thursday, 27 January 2011

FEDUSA convened its annual Collective Bargaining Conference (CBC), under the chairmanship of the FEDUSA President Mr Danie Carstens, on 27 & 28 January 2011. The Conference was attended by the FEDUSA Deputy President, Mr Koos Bezuidenhout, a number of guest speakers from various international organisations and government, as well as FEDUSA's affiliated unions.

The Conference commenced at 10h45, with the FEDUSA General Secretary, Mr Dennis George welcoming all delegates and guests present. He briefly outlined the main purpose of the Conference and gave an overview of the two-day programme.

Mr George officially opened the Conference by welcoming the Director of the International Labour Organisation (ILO), Mr Vic van Vuuren who delivered a presentation on Wages and Decent Work in the Context of Collective Bargaining.

Highlights from the ILO Presentation were the following:

- ❖ One cannot step away from decent work (DW), when engaging in Collective Bargaining as Decent Work is a basic fundamental right.
- ❖ The definition of Decent Work as adopted by the ILO, using the tripartite approach;
- ❖ Collective Bargaining plays a key role in enhancing one's knowledge of Bargaining Council;

The "Public Servants' strike last year was a disaster for both employers and workers, because their respective structures were not adequate to deal with negotiations.

The ILO Director believed that collective bargaining processes should:

- 1) Regulate minimum work and hrs of work;
- 2) Include issues such as: training; parental rights; regularising employment; HIV and AIDS & Sexual Harassment etc.

The collective bargaining process should not just be viewed in terms of "cash / financial rewards," as there is so much more to Collective Bargaining. A good example to consider was the current ILO system of remuneration. The ILO's remunerative package included amongst others: a spousal allowance (should your spouse be unemployed) ; an allowance for each child until that child leaves school and university; but it would eventually fall away once the child becomes self-supporting; travel allowances – assistance to its employees to manage daily challenges of commuting by paying employees a travel allowance.

He then stressed the fact that "Productivity" is a very important concept; mentioning that South Africa's productivity is nowhere near where it should be as opposed to international standards.

Mr van Vuuren tabled the following proposals for serious consideration by affiliates during their negotiations during 2011.

- ❖ More emphasis should be placed on education i.e. enhancing one's skills and the education level of one's children;
- ❖ Security of tenure – a ban should be placed on all future or further retrenchments;
- ❖ South Africa spent billions on becoming Y2K compliant: - the focus should now be becoming employment compliant – job security and decent work;

Proposals should look at:

- ❖ bargaining for fair solutions for all stakeholders rather than focusing on differences;
- ❖ creating a foundational platform; as wage negotiation is an ongoing process, where preparations are done throughout the year ; structures should be put in place; during the un-confrontational stages;
- ❖ working harder at building relationships, as employers see trade Unions as trouble makers;
and

- ❖ adequately preparing for negotiations adequately, by starting with decent work and linking it to the concept of collective bargaining.

In conclusion; the role of the Trade Union in a South African context:

- ❖ Trade Union's are not strong enough and should not rest on their laurels; and
- ❖ As an emerging economy, South African Trade Unions should promote negotiations at all levels; i.e. plant; company; sectoral and at macro level;

The programme continued with a presentation by Ms Paulien Osse from the Wage Indicator Foundation. She informed the delegates that her organisation performs comparative studies of wages and remuneration across sectors and across countries. The Foundation has been in existence for the last 10 years and is active in 30 countries and has conducted surveys in more than 55 countries in all major economies. They have five national offices that are operative, with a small office in Cape Town, in close proximity to the Labour Research Service (LRS). They also collaborated with nineteen universities who were also involved in a great deal of research. Most of their surveys are conducted "online", but can also be completed "offline", which is identical. The survey conducted includes: special occupations; special sectors and special regions, where comparisons between formal and informal occupations are done. Ms Osse proceeded to explain how their Website works, and gave a quick demonstration of the operations of their site.

A brief presentation by Mr Egidio was done on the 11-month Wage Indicator Project in Mozambique. He also echoed the fact that decent work is non-negotiable. He mentioned that many Mozambicans do not even earn the minimum and are not even aware of their rights. It is therefore very important to educate workers on their workplace rights and the concept of decent work; and minimum wages as well as amongst policy makers.

He spoke at great length about how they go about raising awareness in Mozambique through road-shows; TV debates and community radio stations, especially in the rural areas. ILO Mozambique is in the process of joining Wage Indicator in this campaign, especially to communicate with and advocate for all workers' rights.

At this stage in the programme, Deputy Minister Godongwana from the Department of Economic Development was welcomed and he provided the conference delegates with a detailed perspective on decent work; wages; prices and executive bonuses.

He indicated that although targets have been set for Decent Work, there were still many challenges ahead, including, but not limited to:

- ❖ Income distribution that is skewed
- ❖ Apartheid Spatial Development that was inherited;
- ❖ Huge education disparities etc.

He reiterated the fact that since 2008, a million jobs have been lost.

He felt that:

- ❖ What is impressive is the level of investment over the years from 2005 to 2011. However, the private sector has been investing less, and that this must be increased;
- ❖ Interest rates have stabilised;
- ❖ BRIC economies have not done so well, whereas the emerging economies have done much better.

He then proceeded to discuss the following aspects of the Government's New Growth Path Package, namely:

What are we trying to achieve with the New Growth Path?

Why we need to dream and be ambitious;

The need to create 5million jobs; and

The need to dialogue more as stakeholders.

We have to build our capacity to be able to create new jobs, also by creating new economies such as establishing green economies and knowledge economies, by using solar and renewable energies. We also need to improve our rail and road systems in order to transport all these new goods (coals etc), and in so doing there will be plenty of opportunities to create more jobs. The question we have to ask is whether we have the political will and the necessary resources to do so.

He further indicated that SADC (14 countries) have 233 million people alone – but the problem is that these economies are not interlinked and therefore they cannot inter-trade with each other. He stressed that if we wanted to achieve this, we should be introducing new policies –

such Policy Driver as a Development Policy Package which should include Fiscal; industrial; rural; competition and trade policies to name but a few, as well as to re-think Broad-based BEE and also to improve Research and Development.

Highlights from his Presentation were:

Resource Drivers: Actions:

Cut out waste and corruption;
Reprioritise spending to priorities and jobs;
Make the State work effectively; and
Have a profound shift in culture.

Putting Training at the centre of the new growth path:

Increase FET college intake to 1 million students;
Set key skills targets: viz.
Engineers: 30 000
Artisans: 50 000 by 2014/2015

Broad-based workplace training: 10 % of workforce or 1.2 m workers on training;
Commit sufficient resources for training, amongst many others;
There is no relationship between FET colleges and Industry; and

He challenged FEDUSA to re-design a workable system in this regard.

He indicated how the Department of Economic Development intends to step up education and skills development, indicating that when employers want to cut resources, they always start by cutting training and education.

He focussed on youth unemployment, especially between 15 and 24, who should be at school, studying, rather than being classified as unemployed

Initial Proposals on Wages, Prices and Executive Bonuses:

He felt that we have huge income inequalities in our country: He proposed the following:

a) On wages:

To moderate wage settlements for workers earning between R3000 and R20 000 a month, possibly to inflation plus a modest real increase, with inflation-level increases for those earning over R20 000.00

b) On Executive Bonuses:

Executive pay capping is just not a South African challenge, but is rather a global one.

c) As Government:

i) To maintain the real value of social grants.

Labour is critical to shaping economic policy and achievement of the outcomes

In conclusion he proposed the mobilisation of South African's around a common economic vision – like during the Soccer World Cup as part of the overall development package by:

- ❖ embracing prices; wages; jobs and social wage;
- ❖ having commitment by business;

- ❖ on the issue of wages, we must address income inequalities and the income gap;
- ❖ improving the social wage for working class communities and
- ❖ encouraging universal savings.

The Deputy Minister (DM) was questioned about Government's intentions with the New Growth Path. The General Secretary highlighted various aspects from his presentation, indicating that they have far too many objectives and would therefore find it difficult to do justice to all of them.

The DM agreed with this point and indicated that government should rather focus on creating more jobs, because South Africa has seen jobless growth in the past.

He felt that South Africa has an obsession with having a matric, whereas in the past we were able to produce many more artisans, therefore we should focus more on vocational training in

future and as such create more basic skills. He felt that the reason why government cannot set up more solar panels is because we do not have enough plumbers. We have a resource issue of coal – underground investigation which does not cause as much carbon emissions;

The DM further indicated that we do not have sufficient water and therefore we cannot make use of hydro-electricity. All the other technologies cannot support the baseline need of our economies on a 24 hr basis, such as wind; green; etc. Hydro; nuclear and coal are the only three that can support the baseline needs currently; mining has declined in the Free State from 15 to 9%, but then so has Agriculture.

The FEDUSA General Secretary indicated that FEDUSA would like to meet with the Minister and his Department in order to see how we can collaborate in order to achieve the desired outcomes of the New Growth Path especially with regard to job creation. FEDUSA would also like Government to set timeframes in order to achieve these objectives.

The programme proceeded with a presentation by Mr Virgil Seafeld, the Director of Labour Standards on the effect of Minimum Wage Setting in Vulnerable sectors in South Africa. He indicated that the BCEA clearly outlines the factors that need to be considered when setting minimum wages.

He informed the delegates that in South Africa there are currently eleven sectoral determinations, or wage minima governing vulnerable workers in different sectors of the economy. He further indicated that in order to make sense of them, one needed to look at the impact of sectoral determinations on wages, poverty and employment levels, however, the enforcement of minimum wages remains a concern as government does not have the necessary resources to monitor compliance by employers.

The first day's proceedings concluded with a presentation by the Registrar of Labour Relations, Mr Johan Crouse, on Trade Union Membership and Collective Bargaining.

Mr Crouse's presentation focused on the following aspects:

1. The Primary Objectives of LRA
2. Government's Approach
3. Strategic objectives of the Department of Labour
4. Key Role Players in the Labour Market

1. Trade unions;
2. Employers Organizations;
3. Bargaining Councils.

His detailed presentation is attached herewith.

Day 2 – Friday, 28 January 2011

Day 2 commenced with a presentation by Dr Monde Mnyande, Chief Economist and Advisor to the Governor of the Reserve Bank

Highlights from his Presentation were the following:

Unemployment increased from 24.5% in 1999 to 25% in 2010.

- ❖ The economy was growing at rate of 5% , but unemployment remained unacceptably high;
- ❖ Only 45 000 jobs were created, as opposed to the million jobs that had been lost;
- ❖ High inflations impairs job creation;
- ❖ Government's New Growth Path (NGP) recognises the importance of maintaining a low inflation rate;
- ❖ Inflation hits the unemployed and the poor the hardest;
- ❖ Inflation is public enemy no. 1
- ❖ Tighter monetary policy is needed.

Dr Mnyande questioned unions about what they wanted, saying that initially, unions are suppose to protect worker' rights and ensure that they receive a living wage, but lately unions are now demanding higher wages, based on their production. He mentioned that in some sectors, workers are prepared not to take a salary increase, so that they stay employed rather than face retrenchment later down the road.

A question from the floor was based on the issue that the SARB is doing a good job of protecting the interest rate and the currency, but queried what is being done with the money that is being borrowed? Is it really going where it is needed? It was felt that to put the burden on the shoulders of workers is not fair as workers want to contribute in a dignified way, so the notion that workers want a free ride, is totally unacceptable.

The delegates then questioned the intention of creating 5 million jobs and wanted to know the timeframe for this objective is, as it seemed to be very theoretical, because by the time that they are implementable, there would be many more new work entrants.

Dr Mnyande reiterated the need for a consultative process with all stakeholders being open and transparent so as to have cohesion of policies – with everyone having a common understanding about challenging issues facing the economy, so as to therefore “sing from the same hymn sheet”.

The programme proceeded with a very informative presentation being delivered by the Director of the Labour Research Service (LRS), Mr Saliem Patel, who focussed on Bargaining Strategies for the unions to apply during the forth-coming round of salary negotiations. He emphasized the need for unions to increase their representation and to embark on representing the unorganised.

Mr Patel drew the delegates’ attention to the LRS’s comparative studies of wage settlements over the past decade in various sectors. He provided the delegates with a workable calculator tool in the form of an excel spreadsheet that they could use to determine their wage increases. He also focussed on the remuneration of Directors of companies.

In conclusion, he encouraged the Affiliates present to ensure that their Collective Bargaining processes were campaign driven for decent work and social justice, indicating that Trade Unions could not achieve these successes on their own but that they needed to form alliances with like-minded campaigning organisations and NGOs.

The two-day’s proceeding’s concluded with a presentation by the Chief FEDUSA Negotiator at NEDLAC; Mr Leon Grobler, who is also the Chief Operating Officer of UASA-the Union.

Mr Grobler gave a very detailed overview of the current amendments to labour legislation, such as the Basic Conditions of Employment Act (BCEA); the Labour Relations Act (LRA); the Employment Equity Act (EEA); and the Employment Services Bill. He highlighted the many positive aspects of these amendments. However, he indicated that the amendments had been very badly drafted, which could lead to misuse or abuse by employers. He reiterated the fact that labour legislation should be unambiguous and clear, so as to avoid any contradiction or confusion in the workplace. He drew the delegates’ attention to the new definition of:

“Employer” indicating the omission of the contribution of a worker to the business of an employer.

A few highlights from Mr Grobler’s Presentation are as follows:

With regard to the Basic Conditions of Employment Act (BCEA), Mr Grobler indicated that Sectoral Determinations protect the rights of vulnerable workers, and that Government can now set Minimum Wages for those workers who are not covered by Sectoral Determinations.

With regard to non-payment of salaries by employers, - non-compliance is now being criminalised, but the onus is on the employee to prove his case which will take a long process. Mr Grobler felt that it is a good amendment, but that the process to bring such an employer to book must be shortened.

He also indicated that the concept of temporary or permanent employers is a good one.

Then again, the Employment Equity Act (EEA); Mr Grobler prohibits differences in the terms and conditions of employees who perform the same work or work of equal value.

With regard to the Employment Services Bill, Mr Grobler indicated that there is a discrepancy between the powers of Public Employment Services and that of Private Employment Services.

Mr Grobler concluded his presentation, by indicating the timeframes for the conclusion of this process of making inputs to the Amendments to the above-mentioned Labour Legislation. He requested the delegates to carefully study these proposed amendments and to forward any comments and / or inputs into this process to the FEDUSA General Secretary, for onward submission to himself.

The General Secretary thanked all the guest speakers for their contributions and the delegates for their attendance and active participation and declared the Conference closed at 14h15.

Kindly note that the Guest Speakers’ Presentations will complement this Report and will be forwarded to all CBC 2011 delegates and FEDUSA Affiliates