WAGES & WORKING CONDITIONS

1995

Disclosure of pay looms for SA directors

ST(BT) 1/1/95 (355)

By SVEN LUNSCHE

THE threat of public pressure and legislation could force companies to divulge greater details of their top executives' incomes than is proposed by the King Committee's code on corporate governance.

In line with international trends, directors' salaries in future are also likely to become tied to the earnings of companies.

The King Committee's proposal, embodied in a voluntary code of practice, recently suggested separate disclosure of total earnings of executive and non-executive directors analysed under headings such as fees, salaries, share options and bonuses.

It shied away from calling for a breakdown of individual directors' salaries "as this could lead to poaching of top staff in a country where skills are in short supply", according to committee chairman Mervyn King.

Since King's recommendations are for voluntary disclosure — although strengthened by a likely JSE requirement that listed companies disclose adherence to the code — peer pressure is relied upon to facilitate greater disclosure.

Whether this will succeed is questionable in view of the traditionally secretive nature of many SA companies and the tolerance of shareholders when confronted with limited disclosure.

The Companies Act requires managements to list directors' salaries and other payments and benefits in aggregate: shareholders only have to approve fees paid to directors for attending company meetings.

AVERAGE DIRECTOR'S EMOLUMENTS

* where available	Financial 1994*	Financial 1993	Increase (Decrease)
Barlows	1 235 294	882 353	40%
Gencor	1 115 385	384 615	190%
W & A	-	766 666	-
C G S Foods	-	700 000	-
M & R Hold	654 545	863 636	(24%)
Pick 'n Pay	486 666	353 333	38%
Remgro	460 000	420 000	(12%)
Anglos	415 094	471 698	(9,5%)
Pepkor	378 571	300 000	26%
Group 5	353 846	461 538	(23%)
S A Brews	347 619	328 571	6%
Toyota	-	290 000	-
Sasol	257 143	228 571	12,5%
Liberty Hold	-	237 931	-
Absa	207 407	170 370	22%
Ellerine	142 857	128 571	11%

Graphic: FIONA KRISCH Source: McGREGOR's ONLINE INFORMATION

The lack of disclosure allows only vague estimates of average directors' emoluments as in this table. The figures, supplied by McGregors Online Information on some of SA's top companies, are derived by dividing directors' total earnings by the number of board members.

More disclosure is required to make meaningful comparisons and to avert pressure from organised labour. The government has indicated it will entrench rights of unions in the new Labour Act, including access to corporate information.

The threat of legislation is likely to lift the veil of secrecy on executives' pay packets if King's code of practice fails to achieve that, says Jim Steer of management consultants FSA-Contact.

"It's highly unlikely that companies will be allowed to sidestep the thrust towards increased transparency and accountability in the public service," Mr Steer says. "As a result the government is unlikely to withstand socio-political pressures for the disclosure of what was previously strictly confidential information.

"The implication is that if business doesn't put its own house in order the government could compel it to do so," he concludes.

Even with full disclosure, directors could still find themselves unable to justify what will undoubtedly be seen as extremely high packages.

Mr Steer therefore predicts a sharp move towards performance-related remuneration for top executives.

"This is the only way companies will be able to develop credible, legitimate pay strategies which can be justified, are seen to be fair and which encourage executive accountability," he says.

Such a move could be given further credibility if companies adopt a King proposal that there should be a remuneration committee with a majority of non-executive directors.

If they go even further and facilitate worker representation in corporate decision making — another King proposal — and subsequently on the remuneration committee the process would be given full credibility.

This would have the additional benefit of educating workers about the principle of differentiated pay.

SA companies could also be forced into greater disclosure to meet the needs of international investors.

The Washington-based Investor Responsibility Research Centre recently gave a critical brief to its clients on corporate governance in SA.

In particular it was critical of Section 15A of the Companies Act which gives the Minister of Trade and Industry the power to exempt firms from disclosing their "affairs of business", including financial and ownership information.

Initially adopted to prevent scrutiny of companies busting sanctions, the law has become a smokescreen for some managements to hide embarrassing but relevant information from shareholders, the research centre says.

The lifting of Section 15A is described by the centre as a test of whether the government will enforce stricter disclosure.

lehong without electricity

Row over pay promise

(355) Sowetan 12/1/95

■ HIGHER WAGES Some gardeners earn a 'pittance' of R800 a month:

PRESIDENT Nelson Mandela yesterday promised public service gardeners higher wages after the passing of this year's Budget.

Presidential spokesman Mr Joel Netshitenzhe said in Pretoria that Mandela had addressed more than 100 gardeners at his official residence, Mahlamba'ndlopfu, earlier in the day, assuring them that he knew some were earning a "pittance" of R800 a month.

Netshitenzhe was commenting on claims by leaders of the South African Health and Public Service Workers Union yesterday afternoon that Mandela had promised the gardeners a minimum monthly wage of R1 500 by March 31.

Sahpswu general secretary Mr Silas Baloyi objected to Mandela "running behind our backs to talk to a section of our members instead of responding to the union".

He added: "Mr Mandela is trying to neutralise and to divide us."

Minimum wage

Sahpswu members last week went on strike for four days to press for a minmum wage of R1 500 a month and a 15 percent pay rise for public service workers.

Union leaders claimed that gardeners working at Mandela's residence had also gone on strike. This was denied by his office.

Sahpswu on Friday suspended the strike for two weeks to "the give the government the opportunity" to respond to the union's demands.

According to Netshitenzhe, Mandela explained to the group that the current Budget had been inherited from the previous government.

Salary adjustments

The new Budget in March, he said, would bring about salary adjustments for public servants, resulting in pay rises particularly for the lowest paid workers.

Netshitenzhe said there was "no way" in which Mandela would have mentioned specific figures to the workers as he was fully briefed on the talks on public servant salaries. —*Sapa.*

Public services still on the boil

(355) WM 6-12/1/95

Vuyo Mvoko

PUBLIC service workers took to the streets of Pretoria this week, giving the government a sharp reminder that the potentially explosive wage dispute in the sector is still on the boil.

And the dispute is causing mounting embarrassment for Cosatu's National Education, Health and Allied Workers' Union (Nehawu), whose continued attempts to reach a peaceful settlement with an immoveable government have drawn charges that it is a "sweetheart union".

Nehawu condemned a march by about 400 members of the obscure South African Health and Public Service Workers' Union (Sahpswu) in Pretoria on Tuesday to highlight demands for a R1 500 minimum wage and a 15 percent across-the-board increase.

Sapa reported that they were joined by more than 30 staffers from President Nelson Mandela's Pretoria residence, before being dispersed by police.

And in Cape Town, a threatened hospital strike largely by coloured members of the Public Servants' League failed to materialise. The union complained it had been prevented from overseeing the counting of strike ballot papers.

The protest by the 1 000-member Sahpswu — which largely represents clerical staff — had no visible effect on the running of government departments. But its demands are shared by a number of other white-collar unions, including the overwhelmingly white Public Servants' Association (PSA), which is currently balloting its 100 000 members.

The PSA has warned of a strike within weeks. An official of the association this week said there was overwhelming support for a strike action, but that the ballot count had been delayed by the Christmas break.

Caught between its loyalty to the ANC-led government and the grievances of its 50 000 members, Nehawu condemned the Sahpswu strike as "nonsensical" and "premature".

The union rejects the percentage increase demanded by the PSA and its allies as widening the apartheid wage gap, insisting that the salaries of "the upper echelons should be frozen". It wants a phased minimum wage of R1 200 this year, R1 300 in the next and R1 500 the year after, for all remuneration packages below R60 000 a year. At present the lowest-paid worker gets R900, and the government has offered R1 075.

One executive member said the union's attempts to negotiate a settlement were coming up against growing militancy from members who "obviously feel betrayed when they look at the (government) gravy train". Nehawu president Vusi Nhlapo said while the union was trying "by all means to avoid a showdown, it still remains a possibility".

Nehawu was consulting its allies in the ANC, the civics and the trade union movement.

Referring to Sahpswu — whose members had received a 20 percent increase last year while Nehawu members had received four — he said: "We have no time for such hypocrites. When we fought the National Party regime, they were loyal to it."

Nehawu's initial response to the deadlock in pay talks last year was to threaten strike action, and it has staged marches and demonstrations to the offices of provincial premiers.

It now says negotiations have not been exhausted. However, the only shift in the government's position was to recommend the creation of task teams to investigate the dispute, following last month's encounter between public service unions and the two deputy presidents, Thabo Mbeki and FW de Klerk.

The state and representatives of the 19 employee organisations have still to establish a working group to draft the terms of reference of the task teams before they can be be appointed.

Nehawu rejects the teams, arguing that they will deal only with wages, and not with broader issues such as the Public Service and the Labour Relations Acts which the new government simply "reproclaimed and spread among nine instead of the previous four provinces".

Instead, it is demanding a statutory Public Service Forum. It says that in the current bargaining forum — the Central Chamber of the Public Service Bargaining Council — "mass-based and truly representative unions like us are held to ransom by tiny groupings of rightwing and other reactionary groupings".

Big pay brings little pay back

WM 13-19/1/95 (355)

There is no relationship found between high CEO pay and company performance, argues Graef Crystal

Back in 1991, when the screaming about United States executive pay reached its zenith, critics — myself included — hammered away at two major problems: first, we claimed, chief executive officer and other senior executive pay was too high; second, we pointed out, pay was relatively insensitive to corporate performance. Apparently deciding that solving both problems at once was too hard a job, the business community started working on the second problem: pay sensitivity. Injecting more performance factors into executive pay packages seemed a lot less painful than cutting pay itself.

Some companies tightened their bonus plans to make them swing more with profits. Other firms injected more risk into their CEOs' stock option packages. And quite a few companies began to demand that top executives hold a good number of company shares, instead of cashing in their holdings so as to diversify their investment portfolios. As such, they have broadened the definition of pay to include not only traditional elements such as base salary, bonus and stock options, but also the pool of company stock in which the CEO is expected to park his or her wealth.

Today, the various combinations of pay packages and outright share holdings — what I will call the "risk quotients" — are more sensitive to shareholder return (that is, stock price appreciation plus reinvested dividends) than before. But senior executive pay packages are also higher than ever.

I recently analysed the risk quotients (RQs) of the 350 CEOs who run Standard & Poor's 500 index companies and who have held their jobs for three years or more. Not surprisingly, the CEO who tied with two others for the highest RQ was Bill Gates of Microsoft. His pay package, ironically, is hardly sensitive to shareholder return performance; instead, he reached the top by owning billions of dollars of Microsoft stock.

Fans of linking pay to performance argue that CEOs whose fortunes are tied more closely to those of their shareholders will be better motivated. And because they are motivated, the argument goes, corporate performance will be improved. But does greater pay-package sensitivity lead to better performance? Most likely not.

I have performed many studies on the subject, and every one of them shows no relationship between pay-package sensitivity and longer-term shareholder return. For example, I recently looked at 72 CEOs of major companies, all of whom received stock option grants in 1987. At one end of the spectrum, I found a CEO who had received an option on a mere $14 000 in stock. At the other end was an executive who had received an option on $13,7-million in stock. (The average CEO received an option on $2-million in stock.)

If money really motivates, wouldn't it be reasonable to assume that between 1987 and 1994, the CEOs who received the bigger stock option grants would, by and large, have outperformed the CEOs who received the smaller option grants? The assumption turns out to be wrong. There is no relationship whatsoever between the size of stock option grants and future performance. That being the case, most shareholders would just as soon keep options as small as possible — or, for that matter, eliminate them altogether.

Although the evidence strongly favours the theory that more sensitive CEO pay packages don't improve performance, there is one thing they do improve: the size of CEO pay packages. CEOs who are forced to take a lot of pay risk rightfully demand higher remuneration as a quid pro quo. And they get it.

Walt Disney's Michael D Eisner is a case in point. He has one of the riskiest pay packages in the country. Looking solely at traditional pay elements, his is the riskiest of all. But over the past several years, he has earned more than any other major-company CEO.

In other countries, companies have sought a different balance between pay-package sensitivity and pay-package size. They have subjected their CEOs to hardly any pay risk related to performance. But they have also paid them much less than their US counterparts.

Two recent studies I conducted for the London *Sunday Telegraph* showed that even after matching for type of industry, size of company and five-year shareholder return, the CEOs of American companies earn over three times more than their British counterparts. And British CEOs earn significantly more than French or German CEOs — and a whole lot more than CEOs in Japan.

The promise of more money can be motivational when a person is flipping hamburgers at McDonald's and is more than willing to work harder to rise above the subsistence level. But will the promise of more money motivate a CEO to perform better over the long term when that CEO is already working as hard as he or she can? When he or she is 59 years old and not likely to be adept at learning new ways of thinking? And when he or she is already earning, say, $5-million a year? The Japanese, French, Germans and British all say no. And all the studies I have done say the same thing. — *Los Angeles Times*

Graef Crystal is an expert on executive compensation, editor of the *Crystal Report* and adjunct professor at the Haas School of Business at the University of California, Berkeley

IDAY TIMES, January 15 1995 ★

Traditional leaders' R4,5m salary bill is set to rocket

By CYRIL MADLALA

THE controversial House of Traditional Leaders in Kwazulu Natal is set to cost the taxpayer millions of rands in salaries and allowances for its members.

The 77-member body consists mainly of chiefs whose salary bill already tops R4,5-million a year.

This amount is expected to increase substantially when salaries for members of the house are determined by the provincial government.

A spokesman for the Minister of Traditional Affairs, Chief Nyanga Ngubane, said the province was awaiting guidelines on payment from the ministry of Provincial Affairs and Constitutional Development.

Chiefs who were also MPs under the former Kwazulu government received two pay packets — stipends as chiefs and salaries as MPs.

Chief Ngubane said this arrangement would continue under the new dispensation as the house effectively replaced the chiefs' ex-officio membership of Parliament.

Chiefs now receive stipends ranging from R18 000 a year for those without Std 10 education, to R22 800 a year for those with matric. A three-year diploma or degree earns them R37 170 a year.

Provincial MPs get R193 000 a year.

The establishment of the house in Kwazulu Natal, under the chairmanship of Home Affairs Minister Chief Mangosuthu Buthelezi, has further strained relations between the governing IFP and the ANC.

Two chiefs and ANC provincial leader Jacob Zuma have filed an application in the Supreme Court, Maritzburg, claiming that the house has been constituted in contravention of the constitution.

They say there was not sufficient consultation as Zulu king Goodwill Zwelithini was also not properly consulted.

In his affidavit, Chief Everson Xolo, regional secretary of the Congress of Traditional Leaders of Southern Africa, said he and others in his organisation were not invited to any meeting to discuss the bill.

Kwazulu Natal premier Dr Frank Mdlalose has to reply by February 14.

(355) ST 15/1/95

---

beki ... ings ... od ... ws

RILYN IRETON
NDA RULASHE

President Thabo returned to South yesterday with at two of Ger-

Pay rise blues loom

Business Staff

THE economy is set to grow in 1995, but blue collar workers are facing a hard year, with wage increases barely expected to meet inflation.

In spite of growing shortages of skilled staff which pushed up salaries, wage and salary increases last year averaged just over nine percent, management consultant Martin Westcott said.

Inflation over the year to November was 9,9 percent.

Companies gave lower level staff a percentage point above the average and middle management slightly less, Mr Westcott, managing director of P-E Corporate Surveys, said.

Surveys of companies' intentions this year suggested that 70 percent of companies would hold wage and salary increases at 10 percent or below.

SA Labour News editor Winifred Everett expected pay settlements to hover around 10 percent.

"Unions are likely to come to the table with very high opening demands, between 15 and 30 percent, hoping to settle at around 11 percent.

"Management will probably come in at about seven percent and aim to settle at between nine and 11 percent. Because of the disparity in opening demands and offers, and continuing wage militancy, industrial action cannot be ruled out."

The tendency for workers to go on wildcat strikes without the approval of their union was likely to continue.

This was mainly because union leadership had been weakened by last year's election, but also because workers felt more empowered and were willing to take matters into their own hands, she said.

"I don't see a countrywide public servants' strike materialising, although there may be a few protests here and there.

"Employee organisations will probably accept the government's proposal of an increase over three years, and look to the national budget, rather than the bargaining forum, to improve the lot of public servants. (355)

"Whatever increase they finally settle on, the enormous wage gap in the public sector will almost definitely be addressed by means of a sliding scale approach."

Gordon Young of the Cape Town-based Labour Research Service predicted a widening gap between blue and white collar wages. ARG 2/1/95

"I think we'll see white collar wages going up very fast because of a shortage of competent managers, technical, clerical, and computer staff.

"This shortage of skills is one of the two main brakes on growth — the other is the shortage of capital."

Indications were that the economy was picking up, gross domestic expenditure was growing at an annualised rate of nine percent a year and electricity and diesel sales were up. Real growth in the economy would contribute to a inflationary increases in white collar wages, he said.

"This is more worrying, from the macro-economic point of view, than anything the unions can do."

He expected wage increases for blue collar workers to beat inflation by one or two percent.

"I am not expecting a huge wave of industrial action, though I suppose there will be the usual strikes in June. On the whole most companies can afford to pay."

High on the list of demands other than wages would be workplace democracy, which covered issues such as race discrimination, disclosure of information, and greater participation in decision-making.

Unions would also continue to push for centralised bargaining.

Demands for training, adult basic education, multi-skilling and a moratorium on retrenchments could well be traded with issues of importance for business, such as increased productivity and a moratorium on unprocedural industrial action, as was the case in the recent Volkswagen-Numsa agreement.

GEMENT

Directors get high raises

LONDON — Senior directors enjoyed the highest pay awards last year, with some restraint being shown for the first time at CE level, according to a report out this week.

The report, by Sedgwick Noble Lowndes, the pay and benefits consultancy, says executive pay awards increased by an average of 5% last year — up from 4,8% in 1993.

Andy Christie, the company's remuneration consulting director, said: "Although pay awards are marginally up, there is no indication of a sudden shift in salary levels. There is still a lack of real confidence in the market and most companies are nervous about pushing out the boat on salaries."

The report says although directors received some of the highest pay awards in the last year, these have not been enjoyed by CEs. Since 1993 their average salary increases declined from 6,2% to 4,8% — below the average for all executives.

Comparable rewards 'foster company spirit'

SYLVIA DU PLESSIS

A MORE compressed distribution of salaries is needed in SA to produce higher overall performance from workers, Sibson & Co MD Mike Olivier says. (355)

Olivier, who notes that wage differentiation between top executives and the workforce in SA is among the greatest in the world, says teamwork can only be fostered by a sense of "common fate", enhanced when people are rewarded comparably.

"In a strong culture organisation, one will find a more compressed pay structure. This increases the sense of community that can be used for competitive success.

"Huge disparities between workers' and management salaries will also send the wrong signals. It may be read as saying lower-level employees matter comparatively less. This is quite inconsistent with any attempt by the company to achieve high levels of commitment and good output from all employees." BD 26/1/95

Olivier believes companies need to adopt a broad, holistic approach to human resource strategies to sustain the competitive advantage and gear them for growth.

Work carried out in the US by his company, a Renwick-owned management consulting firm, indicates that wage compression is one of 16 workforce-focused strategies used to encourage business success through people management.

"Others include employment security. This signals longstanding commitment by the organisation to its workforce. A selectivity in recruiting to ensure that the right people are employed and a good wage will encourage better employees and a lower turnover of staff."

Olivier says creating teams and redesigning the jobs to suit the groups also exerts a powerful influence on individual behaviour. Offering training and skills development encourages greater commitment and cross-utilisation, and cross-training makes work more interesting and challenging. Introducing an inventive pay scheme is another way of ensuring good results from employees.

"People are motivated by more than money — they seek recognition, security and fair treatment," he says. "Employee ownership encourages a long-term view of the organisation, while information sharing, participative management, overarching philosophy, symbolic egalitarianism, promotion from within and tangibly measuring performance all encourage a workforce to be more dedicated to the overall success of the business."

Health union workers halt wages strike

(355) (152)

ARG 24/1/95

Political Staff

A STRIKE by the SA Health and Public Service Workers Union (Sahpswu) workers has been called off after the government reopened salary negotiations.

The union, which claims a membership of 68 000, had planned to resume the strike yesterday after suspending it earlier this month to give the government time to reconsider.

Sahpswu publicity secretary Themba Ncalo said the strike was suspended to give the new wage negotiations a chance, but said that if the scheduled meetings failed to reach agreement the union would strike on February 11.

Wage talks are scheduled from January 31 to Februrary 10 in Durban. Sahpswu is demanding a minimum R1 500 a month and a 15 percent increase.

Earlier this month Sahpswu went on a four-day strike which led to clashes with police.

Firms expect higher wage bill

BD 27/1/95

ERICA JANKOWITZ

335

ALMOST two-thirds of surveyed companies expected wage increases to be higher this year than last year's recorded settlement levels, Andrew Levy & Associates researcher Renee Grawitzky said yesterday.

And 52% of participants believed industrial action stemming from wage negotiations would occur this year. In a poll of more than 100 companies currently preparing mandates for the 1995 wage round, Grawitzky found that only 16,4% of companies were budgeting for lower increases than were granted last year. About 20% expected similar settlement levels to those of 1994.

Companies predicted increases ranging from 7% to 13%, with the majority budgeting for a 10% increase in wage bills.

Grawitzky said 79% of surveyed companies anticipated a difficult bargaining year, largely attributed to heightened expectations.

Minimum wage idea under a cloud, despite aim of helping poor

(355)

HENRY KENNEY and DUNCAN REEKIE

BD 1/12/95

THERE may be more intellectually discredited arguments than those for minimum wages, but it is not easy to find them. The only ones which come immediately to mind are those for affirmative action.

Most economists, in fact, dislike minimum wage laws, for excellent reasons. They agree with Paul Samuelson, Nobel Prize-winner and author of a famous textbook, that an unskilled black youth is but little helped by a law which says he must be paid $10 an hour — if that requirement is what keeps him out of a job. This has for long been common cause among economists.

Yet minimum wage laws are back on the agenda, not only of the British Labour Party and in the US, but also in SA, where it is reasserting itself as a shared tenet among trade unions.

Only last week the NUM's Martin Nicol called for the establishment of a national wage board to set a minimum wage of R650 for industries not covered by sectoral boards. The Agricultural, Plantation and Allied Workers' Union has called for an R850 wage for farm workers.

What is more, minimum wages are no longer being supported primarily, as they have usually been, by non-economists who want to reduce poverty. For example, last month, Cosatu's Sam Shilowa rejected the view that excessively high wages contributed to unemployment growth. But in addition it is now being claimed by some economists that a minimum wage can actually improve the workings of markets. So, did economists get it wrong before? Is the turnabout by some of them proof that they are capable of learning?

Another Nobel Laureate, George Stigler, in 1946 provided a classic analysis of the adverse effects of minimum wage legislation. First, while wage rates in sectors covered by the law would rise, total wages in these sectors would fall and unemployment and poverty would increase. Second, unless the minimum wages were somehow targeted at the poor, there was no guarantee that they would not be paid to low-wage members of wealthier households (e.g. Houghton-based high school students waiting at table).

Third, sectors not covered by the law would face an increased supply of labour, and wages there would fall, offsetting gains in the covered sector. Nor would a national minimum wage do any good. It would simply increase national unemployment.

Empirical studies since appeared to confirm Stigler's analysis — so much so that a third winner of the Nobel Prize, Milton Friedman, has argued for government aid to help the poor through income support in the form of subsidies and not through wage floors. Minimum wages, Friedman held, normally benefit the wrong people and only make the poor worse off.

Why then the revival of interest by economists in minimum wages? The answer lies in the rediscovery of the so-called monopsony (monopoly buying) power of some employers, who can then hold down wages. At the same time the number of jobs offered is reduced and so, of course, is employment. The employers' object is to restrict the output of their final product, which will then command a higher price and bring them higher profits.

Economists had, of course, long been aware of this possibility. However, they regarded it as only a theoretical oddity — logical certainly, but with no empirical support. After all, a single buyer of labour rarely exists except in the "company town" setting, or in those industries where firms get together to form a labour-buying cartel and act "as if" they

SHILOWA

were monopsonists. The whole argument hinges on the assumption of barriers to exit — that workers have such restricted choices of alternative employment that their bargaining power is negligible.

But company towns are indeed rare. And the likelihood of labour-buying cartels acting "as if" they were monopsonists is surely unlikely. Individual cartel members usually have the incentive to cheat on their partners by undercutting on the final product price or overbidding on the wage rate. It is because this incentive is so difficult to resist that cartels have usually been unstable. To persist they need governments to enforce them and penalise chisellers with the force of the law.

Why, then, are some economists so interested in minimum wage laws all of a sudden? At least one reason is a continuing desire by them to appear to be motivated by egalitarianism while finding theoretical and empirical economic evidence to back their politically correct presumptions.

Superficially this answer recently appeared to receive support from a widely publicised interstate study in the US of fast-food restaurants. New Jersey raised its minimum wage by 19% in 1992 but employment still seemingly went up (in line with the monopsony argument).

This study was at once acclaimed by the minimum wage enthusiasts. In the face of overwhelming evidence to the contrary, up till then, from other times and places and from both the developed and less developed world, it appeared as if the theoretical curiosity now at least had some support.

Indeed it did. The results, however, appeared to be premature. The same data have been re-examined by later researchers, more systematically than before, and the conclusion was that fast-food restaurants were actually no exception. Minimum wages here, too, had had the classic effect — namely, an increase in unemployment.

But there is another more obviously materialistic rationale for minimum wages. Minimum wage legislation may be supported by a monopsonistic cartel of employers, which is paradoxical, of course. If the monopsony argument is correct, support for high and effective minimum wages will reduce profits.

Prof Alan. Walters resolved this paradox, however, when examining UK wages councils before the Thatcher government abolished them. The explanation given was that large employers (often partially or wholly unionised) had conceded wages exceeding those of many smaller competitors (often staffed with immigrants and non-union labour). The small competitors were adamantly opposed to minimum wage laws, which either bankrupted them or else inhibited their growth.

In short, the monopsony argument did not hold. Minimum wages harmed both employment prospects and the interest of consumers in lower prices.

Employers and unions, however, were quite happily engaged on cartel-maintaining behaviour, lobbying for the maintenance of industrial and wages councils for the benefit, not of the public, but of their own individual members.

In a recent paper on the subject, Prof Deepak Lal concluded that "despite the passions aroused, the textbook conclusion with which we began — that the minimum wage is an inefficient, well-intentioned but 'inexpert interference' with the mechanisms of supply and demand — still stands".

What can we learn from experience elsewhere? If the fate of small business overseas is anything to go by, in the new democratic socialist SA we are heading for, the real menace is a predatory alliance between labour unions, government and big business.

Should this happen we can be sure all right that high minimum wages will be enforced with a vengeance. We can also be sure that the fate of the unemployed will be even worse than it is now.

☐ Kenney and Reekie are teachers of business economics at Witwatersrand University.

SA's wage gap 'no cause for legislation'

CT (BR) 14/12/95 (355)

Staff Writer

Johannesburg — The wage gap between South Africa's highest and lowest earners is not excessive and attempts to legislate a narrowing of the gap would be disastrous.

So claims Jim Steer, head of FSA-Contact's remuneration consulting division, who says the differential co-efficient between South Africa's highest and lowest paid is appropriate for a First/Third world country.

"Our gap is higher than in countries like the United Kingdom, Europe, the United States, Australia and New Zealand. But we must question whether South Africa, with its labour-intensive economy, can be compared to other capital-intensive economies, and whether the wage gap should be regarded as an economic or social issue."

Steer points out that South Africa has a huge oversupply of semi-skilled and lower-skilled labour and a severe shortage of qualified managers and executives.

"While South Africa has one of the lowest levels of productivity in the world, wages of the lowest earners compare favourably with other labour-intensive economies.

"Salaries and wages account for 60 percent of South African companies' total expenses, with executive salaries accounting for only a tiny proportion of this."

Steer acknowledges that, from a social perspective, the gap between highest and lowest earners might be regarded as "unfair". But he warns that to use legislation to narrow the gap would be unlikely to succeed.

"Zimbabwe tried it by capping executives' salaries. The result was an increase in the brain drain, a demotivated executive corps and a great deal of energy spent on finding loopholes in the legislation.

"As a result, Zimbabwe abolished the legislation and now allows natural market forces to determine executives' salaries."

Saccawu calls for fair wages

(355) Sowetan 14/12/95

By Wilson Ramothata

THE South African Commercial Catering and Allied Workers' Union has called for the formation of centralised bargaining structures in the retail sector to ensure "fair wages" are paid to workers.

Addressing a Press conference in Johannesburg yesterday, Saccawu publicity secretary Mr Sithembele Tshwete said the retail industry was dominated by monopolies who had different employment policies which led to exploitation. He also said the industry was overtraded and this had led to many companies doing the same business in one area.

"The retail industry was also dependent on real disposable income and as a result there was a market squeeze," Tshwete said.

Expert: leave wage gap

(355) Sowetan 15/12/95

By Abdul Milazi
Labour Reporter

THE wage gap between South Africa's highest and lowest paid workers was appropriate for a third world country and moves to regulate wages would be disastrous to the economy.

This was revealed to *Sowetan* by the head of FSA Contact's Remuneration Consulting division, Mr Jim Steer, yesterday.

Steer said: "Our gap is higher than countries like the United Kingdom, United States, Australia and New Zealand.

"However, the question which has to be answered is whether South Africa, with its labour-intensive economy, can be justifiably compared with capital intensive economies and whether the wage gap should be regarded as an economic or social issue."

Several submissions were recently made to Nedlac's Labour Market Commission by business organisations and trade unions. The unions supported the regulation of minimum wages while business opposed it.

Steer argued that unlike developed countries, South Africa had a huge oversupply of semi-skilled and unskilled workers at the bottom end of the wage scale and a severe shortage of qualified managers. He said Zimbabwe tried cutting executive salaries. "The result was an increase in the brain drain, demotivated management and tax evasion." Zimbabwe later abolished the legislation.

Excessive wages are threat to growth, says FNB

CT(BR)22/12/95 (355)

By Thabo Leshilo

Johannesburg — South Africa now has a real chance of breaking out of its lengthy cycle of low or no growth for the first time in 15 years, says Basil Hersov, the chairman of First National Bank.

However, excessively high wages threaten to scuttle the creation of growth and prosperity for all in the country, he says in the group's annual report.

"For nearly 10 years investment in South Africa declined. Now, Reserve Bank figures show annualised fixed investment growth of 8,1 percent for the second quarter of 1995, which it attributes to investment in capital goods by the private sector," says Hersov.

The growth in fixed investment, which represents replacement of equipment and installation of additional capacity, indicates support for the government by business.

"Our political settlement has created opportunities both locally and overseas, including the foreign financing of the balance of payments shortfall that invariably follows a sustained improvement in South Africa's economy," says Hersov. He also welcomes the government's declared intentions to take urgent steps to ensure growth.

"(However), a major problem facing South Africa is that of wages which are too high compared with productivity," says Hersov.

He urges that workplace skills and private sector productivity be improved and public assets be privatised to help put the country on the road to economic growth.

Says Hersov: "Government needs to keep the interests of the small business community in mind when it implements our new Labour Relations Act."

He warns that the culture of "non-compliance", as shown by continuing rent and bond boycotts, threatens the ability of the government to implement the RDP.

ABSA AND JULIAN ASKIN

Striking back

Too many questions still need to be answered

SA banking group Absa has struck back. Stung by a 35-page article in a recent issue of *Millennium* magazine, Absa's board of directors issued a lengthy statement as the *FM* went to press.

It is a belated and cautious response to a series of attacks initiated by the bank's main antagonist, UK businessman Julian Askin. Though it does add a little more light to the controversy, it is not sufficiently candid to be altogether convincing.

Formerly an SA resident, Askin mixed a career as a journalist with forays into stockbroking. Later, he teamed up with Hugo Biermann and the pair parlayed a considerable fortune out of a small, London-listed company called Thompson T-Line. The two have subsequently fallen out.

The thrust of Askin's dispute with Absa is:

❑ When his consortium purchased control of Tollgate in late 1989/early 1990, it was against the background of wide-ranging discussions with TrustBank, at the time Tollgate's banker. Askin insists that TrustBank was at all times aware of his intentions; conversely, Askin is adamant that TrustBank failed to disclose its own difficulties, principally that it required major bridging assistance from the Reserve Bank. He is equally emphatic that had he been aware of the nature of Trust's problems, "I would have walked away from the Tollgate deal;"

❑ Askin says that after he had resolved most of Tollgate's problems, two issues became apparent. The first was that it was clear large sums of money had disappeared. He was led to believe the principal miscreant was former Tollgate CE Hennie Diedericks, who had subsequently become a senior Absa employee and Volkskas MD. When he approached Absa CE Piet Badenhorst and deputy CE Danie Cronje, they dissuaded him from taking legal action.

The second issue was that Tollgate needed to be financially restructured to survive. Askin delivered three proposals to Absa, all of which involved the bank in converting debt to equity; and

❑ When these proposals failed, Askin alleges the relationship between banker and client deteriorated. Subsequently, he learnt of Absa's intention to liquidate Tollgate and his response was to act first in the belief that the liquidator usually carries an unassailable advantage.

The rest of the story has passed into folklore. Tollgate was liquidated, the liquidators sought a S417 commission of inquiry and then applied for his sequestration; they then charged him with fraud and theft in sums amounting, says Askin, to more than R60m. Askin left SA in a hurry and later served months in an Italian jail fighting extradition proceedings. To avoid worldwide bankruptcy, Askin negotiated a civil settlement of about R3m.

Absa chairman David Brink . . . *a belated and cautious response*

Julian Askin . . . *says judge's findings were "unreasonable"*

The formal response by Absa's board — issued by chairman David Brink and the first it has made since Askin's public denunciation through *Millennium* magazine — invites scrutiny in a number of areas:

❑ For the first time, Absa has officially confirmed that Bankorp received what it calls a "support package" from the Reserve Bank. It says that when Absa took over Bankorp in September 1992, the package "already formed part of the net book value."

Though this is interesting, it merely confirms long-discussed and widely aired market views. What the statement prompts is questioning about the extent of the package, whether it is still in place, the terms of repayment (if any) and the effect the "package" has on the quality and integrity of Absa's balance sheet. These are issues vital to an interpretation of the role of the Reserve Bank and the probity of the SA financial system;

❑ The role of Diedericks, after years of hostility now Askin's steadfast ally, is thrown into sharp relief. The Absa statement clearly reveals that Diedericks's initial response to the move by Tollgate's liquidators to sequestrate him was to prevail on Absa to withdraw the application in exchange for which he would "front" an action against Askin.

"I am able," claimed Diedericks, "to expose Askin and company. All I expect is that Absa will support me financially as far as the initial legal costs are concerned." Absa reproduces this section of Diedericks's letter in his own handwriting.

Responding, Askin says: "Diedericks was a desperate man then. What's more, he has disclosed all this to me already;"

❑ The bank asks why Askin doesn't return to SA to "establish his alleged innocence in court." This presupposes Askin's guilt;

Askin says he won't return until his requests for search and discovery ("All my papers were confiscated and still haven't been returned") are fulfilled;

❑ Absa says it concluded Tollgate was "irretrievably insolvent" in November 1992. Askin's response is that despite submitting repeated proposals for restructuring, Absa never replied. "If they say differently, it's a lie;" and

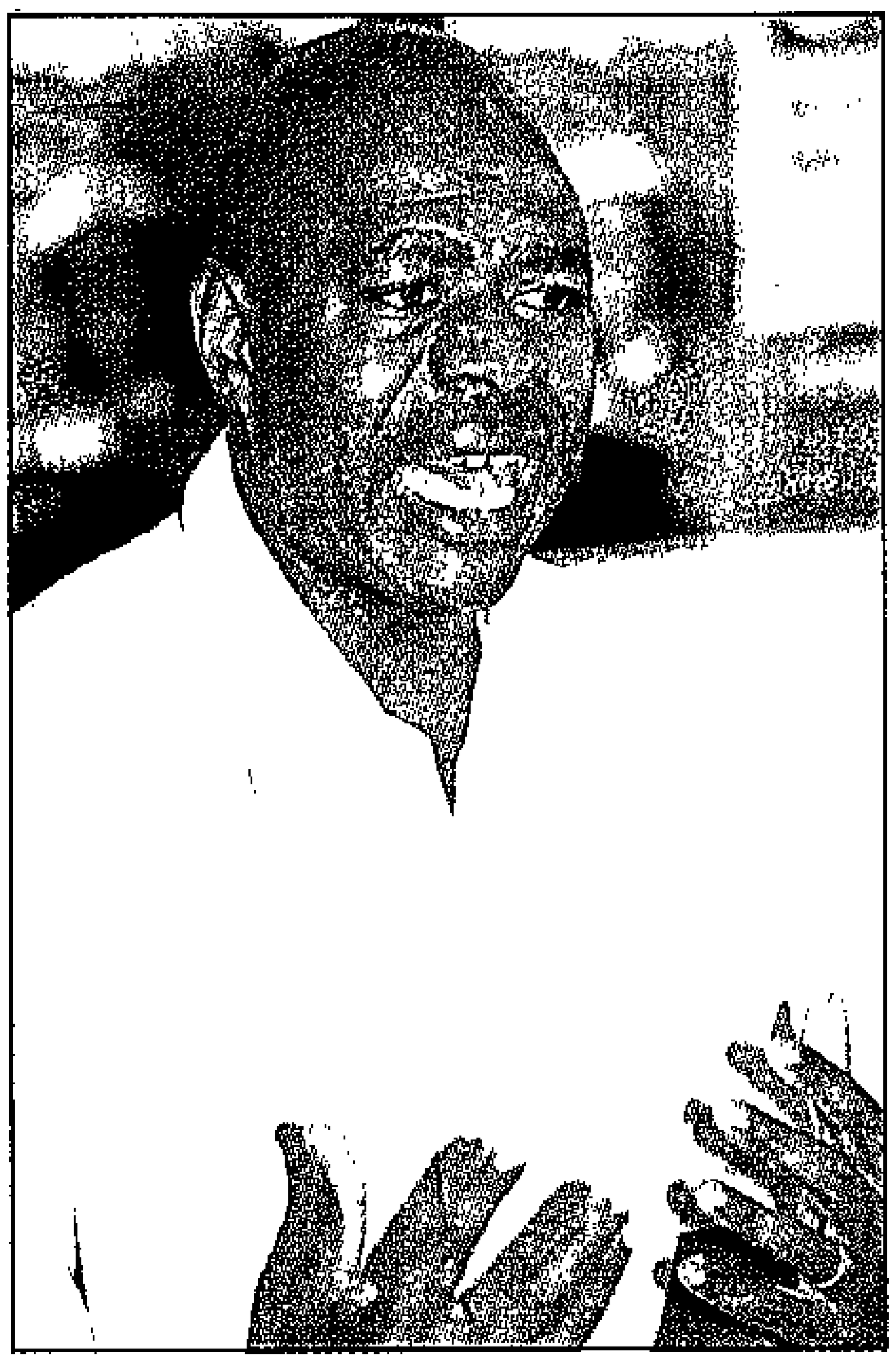
❑ The Absa statement refers to a finding of the Cape Supreme Court which describes Askin's behaviour as "thievery and roguery on a grand scale."

His response is that Judge Harold Berman's findings were "unreasonable and based on highly selective information in turn drawn from an inquiry still not completed."

The inquiry constituted under S417 of the Companies Act is an issue which is still unresolved. In the case of Tollgate, the *FM* understands the inquiry is limited to an examination of events between certain dates — starting with Askin's acquisition of control and liquidation. Actions before this time — precisely the period Askin says is most important — are excluded.

If the Absa statement does anything, it provides further cogent reasons for the present inquiry to be freed of any constraints and to be thrown open to public review (see *Fox*).

David Gleason



Shilowa . . . *arguing for workers*

are some signs of growth in employment this year, this is likely to turn out at less than half the growth in output. So the rise in unemployment could continue.

Widely supported is so-called tripartism, or an ongoing dialogue between government, business and labour over issues such as wage gains. The idea rests on the concept of a "social bargain" between the major stakeholders, in terms of which one could imagine short-term money wage gains being traded off against corporate commitments on other important issues such as stability of employment and in-house training. Sacob labour affairs director Gerrie Bezuidenhout argues that the implementation of this proposal would achieve an important ongoing role for Nedlac.

Whether tripartism turns out for the better or worse depends on the internal correlation of forces. If government, for reasons either of historical sentiment or political calculation, sides with big labour, then it could turn out to be an instrument for coercing business in secret.

SA's new Labour Relations Act is scheduled for implementation in the first half of 1996. Bezuidenhout says the key to its future operation is how it is to be administered. The key body will be the Commission for Conciliation, Mediation & Arbitration, which will replace the Industrial Court. (Industrial Councils will stay.) If this body is staffed competently and in a balanced way, much ground will have been gained. The establishment of a better conciliation mechanism might moderate wage settlements, as attitudes tend to harden during a strike.

More generally, says Bezuidenhout, the requirements for disclosure of information by small business could be worse, as only information relevant to labour matters needs to be disclosed. So disclosures should normally not include, for example, investments by family companies. We must face the fact that the current structure imposes a high entry cost on small business.

On the other hand, the right to employ temporary labour during a strike was a defeat for Cosatu on an absolutely critical point. As for the closed shop provisions, these might yet be tested in the Constitutional Court. The Bank also has reservations about the closed shop in relation to freedom of association.

Another voice on these issues is that of Shilowa, speaking at a recent Sacob conference. He said that competition internationally for some businessmen simply means more profits for business and more for management, but less for the workers. Businessmen want to base their competitive edge on low wages. Instead, we need efficient management.

Secondly, corporate hierarchies must be eliminated as these create the cadre of highest wage earners. We also need efficiency, as prices are too high even for local consumers, but the general workforce must also contribute to this. The Asian tigers made an enormous contribution to developing human resources — a goal which requires government support. He recommends the German system of vocational training.

SA needs either an incomes policy or a social wage. He complained — with the regrettable support of Manuel — that First World executive remuneration coexists in SA with Third World wage levels. Will senior management emigrate if its remuneration is cut? (Undoubtedly, yes.) Finally, while Shilowa does not support a command economy, he thinks government must continue to intervene in the economy. Simply leaving wages to supply and demand is not good enough.

SECTOR BY SECTOR

Wage settlements Jan-Sept 1995

	R	%
Low base sectors		
Motor (garages & panelbeaters)	598	16,0
Health	1 122	11,6
Chemicals	1 167	11,3
Metals	1 167	11,3
Mining & quarrying	1 255	11,8
Food, beverage & tobacco	1 281	12,0
Hotels, catering & retail	1 293	11,6
Middle base sectors		
Paper & wood	1 310	11,9
Printing & media	1 450	11,2
High base sectors		
Auto assembly	1 867	11,3
Pharmaceuticals & cosmetics	2 090	10,6
Tyre	2 371	10,5

Source: Andrew Levy Assoc.

It is clear that free market economists and businessmen, on the one hand, and unions on the other, are reasoning along nonintersecting tracks. To a free market thinker, a wage (emphatically including executive remuneration) is, or should be a market-clearing mechanism which directs human resources to the place where they will be most productive. To a socialist, they are a means of obtaining justice or fairness. To an unreconstructed Marxist, of whom there are still many in SA, the very notion of a profit is unfair — the final intellectual resting point of this debate.

The history of this century show the disasters that befall even strong industrial nations such as Britain when the free market idea is cast aside in this context. The reconciliation lies on the supply side. To the extent that this is not itself economically destructive, transfer payments financed by taxes must support education, medical services and pensions. Wages must be left to their allocative role.

The World Bank's detailed formula for approximating this ideal in developing and transitional economies goes like this (in a context which continues to favour skilled workers):

- They must get on to market-based growth paths that generate rapid demand for labour and raise productivity;
- They must succeed in taking advantage of changes at international level, especially in reacting to new market opportunities or in attracting capital or managing dislocations from changing trade patterns;
- Governments must establish a labour framework that complements informal and rural labour markets, supports an effective system of industrial relations in the formal sector, provides safeguards for the vulnerable and avoids biases that favour relatively well-off insiders;
- The effort to achieve optimal policies must be especially strong in sub-Saharan Africa; and
- Government as an employer in its own right must always set the example of moderation in wage settlements.

To this recipe we could well add the old but insufficiently implemented idea of profit-sharing. This has always been a constructive solution (perhaps the most constructive solution) to confrontational wage bargaining between big labour and big business. It has often been blocked by union leadership, which perceives endless confrontation as the best or even the only means for maintaining its own institutional position.

Here is an excellent start to the agenda for tripartism: a strong move towards profit-sharing in SA would defuse the confrontational process and enhance industrial efficiency like nothing else. The sooner a start is made, the better. ■

Minimum wage to rekindle business-labour hostilities

(355) ST 19/11/95

By CIARAN RYAN

A SHOWDOWN is looming between labour and business over demands for a national minimum wage.

With both sides preparing to debate the issue this week in public hearings organised by the Labour Market Commission, business has sworn to resist labour's calls for a minimum wage on the grounds that it would do little to uplift the most needy.

In submissions received so far by the LMC, several trade unions have come out in favour of a national minimum wage, but none has said what it should be.

The industrial council system and the Wages Act make extensive provision for setting minimum wages in various industrial sectors, but about two thirds of the workforce is not covered by these minimum wage levels.

"Most of the submissions for these hearings are more concerned with the need for a national minimum wage in unregulated economic sectors, such as agricultural and domestic workers, although we are discussing minimum wage regulation in general," says David Lewis, co-chairman of the LMC.

"Most of those in favour of a national minimum wage also see the need for flexibility. They see the need to phase in minimum wages, and the problems associated with having a single national minimum wage, given the regional and sectoral disparities which already exist in wages and costs of living. Everyone seems to acknowledge that we have a problem of poverty among many of the employed, but the general view is that the issue must be approached cautiously."

The main argument for minimum wages is that it narrows the poverty gap and guards against labour exploitation. Many against the national minimum wage say it tampers with the market system for labour and is inappropriate in a country where 45% of the workforce is not formally employed.

"In general, I am against a national minimum wage, but normally in Africa minimum wage levels are so low they do not pose a serious problem," says Hein van der Walt, director of the Confederation of Employers of South Africa, a federation of 20 employer organisations representing 120 000 employers and 2,5-million workers.

In its submission to the LMC, the South African Chamber of Business says a national minimum wage may lead to fewer job opportunities and the benefits would be felt only in the formal sector, while small business, which is sensitive to changes in labour costs, would have to be exempt from the minimum wage. Sacob wants a more flexible system based on agreements reached through collective bargaining.

Small businesses have argued that their survival in the face of competition from big business depends on their ability to trim costs wherever possible.

Alternatives to a national minimum wage which are being investigated include a social wage system, where underprivileged workers enjoy the benefit of a national pension scheme and other social benefits.

Recent international research has called into question the popular association between minimum wage legislation and job destruction, says Mr Lewis. "There is little evidence that wage regulations at the lowest end of the pay scale will have the same impact as at the upper end," he says.

The present average minimum wage, according to a report by Andrew Levy and Associates, is R1 314 a month, varying from R1 254 a month for mine workers to R2 371 a month in the tyre industry.

These sectoral disparities pose problems in determining an across-the-board national minimum wage, making it more likely that minimum wages would vary according to region and economic sector.

Commission hears case for minimum wage

(3561) Star 22/11/95

By Justice Malala
Labour Reporter

Employer and business organisations have clashed with trade unions over whether a minimum wage should be introduced in South Africa, with the SA Agricultural Union (SAAU) saying such a move would be a "logistic nightmare".

In submissions to the Comprehensive Labour Market Commission in Johannesburg yesterday, six organisations presented positions representing the concerns of labour on the one side and capital on the other.

The commission is investigating the potential role institutions can play in determining income, the impact of existing wage determination mechanisms, and the elements of possible national incomes agreements. The findings will be released next year.

The National Union of Mineworkers (NUM) and the SA Agricultural, Plantation and Allied Workers' Union (Saapawu) called for the introduction of a national minimum wage. The NUM suggested that this be R650 a month while Saapawu suggested R750 a month.

NUM official Martin Nicol said the wage and benefit system on the mines reflected the heritage of a system of brutal oppression and that active state intervention was needed.

He said the Wage Act should be amended to require a national Wage Board to set a national minimum wage. Sectoral wage boards would not be permitted to set wages lower than the national minimum. This minimum wage board would apply to all workers not covered by a sectoral wage board.

NUM said the R650 a month wage should be adjusted annually to keep pace with trends in wages and inflation and be phased in in some sectors to offset potentially negative implications.

Saapawu's general-secretary said more than 20 000 farmworkers received no remuneration, and more than 700 000 got between R1 and R500 a month. There are about 1,1 million workers in the agricultural industry.

He said there was no way of ensuring that collective bargaining could take place at any level in the industry and thus state intervention was necessary to ensure that exploitation was ended.

The Agricultural Employers' Organisation proposed that wage norms should be set as guidelines, rather than actual minimum wages, and suggested a phasing-in period.

It said the wage issue should be addressed in a holistic manner, taking into account increased productivity and training for workers.

The SAAU said the introduction of a minimum wage system for agriculture, whether determined statutorily or otherwise, would have an extremely negative impact on the rural economy and labour market.

The Afrikaanse Handelsinstituut was in favour of machinery to establish minimum wages in sectors where no centralised bargaining forums exist.

Cosatu v Sacob on labour rules

(1408) (855)

Sowetan 23/11/

By Abdul Milazi Labour Reporter

THE Congress of South African Trade Unions supported a regulated labour market as a means of alleviating poverty while maintaining macro-economic stability, Cosatu general-secretary Mr Sam Shilowa said yesterday.

Addressing the Labour Market Commission investigating a national labour market policy, Shilowa said: "Cosatu rejects the notion that in order to create employment, workers should accept any wage they can get."

Other unions which favoured a regulated labour market were the National Union of Mineworkers (NUM), Farmworkers Research and Resources Project and the South African Agricultural, Plantation and Allied Workers Union (Sapawu).

The NUM suggested R650 a month as a target minimum wage while Sapawu suggested R750. Cosatu did not give a figure.

Employer organisations, on the other hand, were against a statutory minimum wage, saying it would force many businesses to cut down on their workforce and would lead to poverty.

The SA Chamber of Business argued in a written submission to the commission that setting a minimum wage would not achieve the desired objective of improving the lives of the poor and protecting vulnerable workers from exploitation.

The document argued further: "A national minimum wage, which is aimed at protecting the less well-off must be set at a relatively high level, given the highly unequal distribution of income in South Africa. The labour market functions like a market, and such a strategy will reduce employment and increase unemployment."

Shilowa said there was a need for a system of maintaining productivity and economic growth while ensuring that employers paid a living wage.

Minimum wage sought

JOHANNESBURG: Two of South Africa's biggest trade union federations called for a national minimum wage to combat widespread exploitation in industries where negotiating forums are weak or absent.

They did not say how much the wage should be, as some of their affiliates have done in their submissions to the Labour Market Commission.

But the SA Chamber of Business expressed doubt that a minimum wage would protect the poorest, while domestic workers said the wage should be pegged at R600.

● See Page 9

CT 23/11/95 (355)

Objectivity has no place in the minimum wage debate

(355) CT (BR) 24/11/95

SPOTLIGHT

BY HOWARD PREECE

Each contending group believes its rival is merely masking ignorant self-interest

There is no chance whatsoever of any real agreement being reached on minimum wage policy in South Africa following the Labour Market Commission's high profile public hearings this week on the issue.

This subject is severely controversial — not only in this country but across much of the world.

So let us try to make a dispassionate and pragmatic analysis, and to accept that, as with so many areas of economics, there is no single, simple, one-dimensional answer.

The minimum wage debate is, to an important extent, heavily surrounded by socio-political and even emotional forces. That tends to mean that objective consideration, of theory and practice, is all too easily pushed aside.

Of course, the fiercely contending groups at least agree about that. The problem is, each reckons that while its side is bringing cold logic and hard experience to the table, it is the opposing group which is merely masking ignorant self-interest behind a facade of extremely selective facts and figures and often tendentious opinion.

Perhaps the best way, in the first stages anyway, of seeking to fully open up the debate is in question and answer form.

So here goes — with an immediate acknowledgment, too, that this column will also be charged with bias by most of those who disagree strongly with any conclusions reached.

What is a minimum wage policy?

Basically it is what it says it is. Policy advocates believe that a huge number of workers can be, and internationally are, exploited by being paid grossly and quite unjustifiably low wages by employers whose overwhelming concern is just to make as much profit as they can.

From this base comes the view that such workers can only be protected by laws which force bosses to pay all staff a "living wage" and by trade unions which have powerful statutory backing from the government.

Is it intended that this should apply to all wages and wage earners?

There are wide differences of opinion on this within the broad minimum wage camp.

What the South African trade union movement crucially wants is legislation prescribing that the great majority of workers in full-time employment of any kind must be paid not less than R650 to R850 a month.

But the very fact that a minimum wage spread is provided for, and that Cosatu and its associates, such as the National Union of Mineworkers, also concede that there would have to be some phasing in period, does indicate that the union movement is not as inflexible as it is frequently portrayed.

But how can anyone support a family on even R850 a month, never mind R650? How can any employer, or economist, with any common humanity at all, reject this proposal?

Well, a lot of employers would actually have no problem with that kind of minimum wage.

There can hardly be anyone in the least skilled employment of all, in manufacturing or throughout almost any area of the public service, who earns less than R650.

So it can be argued — what is the fuss all about? Why not force the worst skinflint employers to pay what would still be nothing much more than bare existence wages?

But, inevitably, there are complications. There are literally millions of would-be workers in South Africa without full-time employment of any kind, in either the formal or informal sectors. These are mostly people whose skills, if they can be so called, are in massive over-supply in this country.

If wages for those relatively fortunate enough to have a job — and no matter how unfortunate they might think themselves, that is the harsh reality for the present of the chronic South African unemployment crisis — are compulsorily increased by law, there must be a danger that the jobless situation could be made even worse.

Companies can, if it comes to the crunch, often cut back on staff numbers in these areas.

The whole agricultural sector is also particularly contentious. Then there is the position of small and emergent business where, it is claimed, initial survival prospects often depend on keeping labour and other variable costs below those of established groups.

So does that mean that because of their weak bargaining position, the poorest and least skilled should be left to fare as they best can under the workings of "market forces"? Is it not precisely because that is how so many people in South Africa perceive "free enterprise and free markets" that there is still such ingrained hostility to these concepts?

There is no justification of any kind for that extreme free market approach. But as it happens most economists and others who are classified in that category have no truck with absolute laissez-faire approaches.

As good a summary as is available of the modern neo-classical view was put forward in The Economist of April 8 this year.

The summary commented: "Those who favour rent controls or minimum wage laws do not do so for reasons of efficiency but because they want to redistribute income to the poor. That is a legitimate aim. But whatever the ability of rent and labour-market controls to promote efficiency there are far simpler, fairer and more effective ways to raise the real incomes of the poor than trying, however cleverly, to micro-manage the markets for housing and labour."

Nobel laureate Milton Friedman has urged: "Many well-meaning people favour legal minimum wages in the mistaken belief that they help the poor. I favour government measures that set a floor under family income. Legal minimum wages only make this task more difficult."

MYTH *Nobel laureate Milton Friedman says a legal minimum will not necessarily help the poor*

Many trade union leaders, internationally as well as in South Africa, argue that what is needed is a "high wage, high productivity" economy. They urge that South Africa is never going to make the big league on the world economic scene by policies of "cheap labour". They claim that higher wages force companies to move from outdated practices and low value-added products into high value-added areas with a well paid, well trained and highly skilled workforce.

A number of crucial factors arise here. It is certainly true that South Africa is not going to get anywhere producing all kinds of low-tech manufactured items where labour costs are an important factor in total costs.

Countries such as China and Indonesia, among plenty of others, can eat up this country on that basis.

So South African companies, above all with much reduced protection from imports, are going to have to move steadily out of businesses that is overwhelmingly dependent competitively on low-wage labour.

South African employers also mostly have a dismal record on training and skills development of their total workforce. The unions are absolutely right about that.

But the market mechanism will bring industrial restructuring about, with or without minimum wage laws — although the government has a key role in initiating change in economic regeneration.

The point is also that labour is not remotely cheap in South Africa in comparison with those Eastern countries — and it is not cheap in relation to productivity by almost any standards.

Of course, a high wage/high productivity economy should be this country's goal.

But there is a vital chicken-and-egg question. Do high wages follow from high productivity, or do they act to promote that self-financing productivity.

The crux of the trade union case — and the minimum wage battle is all part of it — is that wages can lead the way.

Economists of centrist and market-related standpoints essentially disagree. They stress in particular the colossal success story of East Asia, where real wages for many years lagged behind economic growth and productivity, but then made a soaring catch-up.

Still, it can be argued that any minimum wage legislation on the lines Cosatu is urging would not harm economic growth because almost all even semi-skilled workers in the formal economy are already earning above the proposed minimums.

So, to repeat, surely employers can afford to get much closer to the unions on this?

In some ways, maybe. But unions are not just pushing for compulsory wage increases at the lower end of the scale only to, supposedly, help the poor.

There would then be demands for rises for the next tier up to compensate for reduced differentials.

The unions do say that they want no increases, or even reductions, in the pay of those in the most skilled groups, especially including management.

But the obvious dangers here are the likely adverse effects of disincentives and possible emigration on the economy in the near-and medium-term.

The Far East has been cited as a key example of productivity leading wages up. But do unions not cite many successful European countries, including Germany and Sweden, as instances where high wages have forced employers to keep moving into top-of-the-market production techniques?

They do — and it is a fact that many flourishing economies also have varying elements of minimum wage laws. Tony Blair, the leader of the British Labour Party and seemingly prime minister-elect, cautiously supports the United Kingdom going further that way.

But even in Germany the unemployment rate is now at a record 9,2 percent against 8,2 percent for Britain — and Germany has until now always had a lower unemployment rate than the United Kingdom. Nor is Sweden much of a model economy nowadays.

Still, these are the kind of figures that can be tossed around from all sides in the minimum wage debate in South Africa without either party giving way.

Those who believe strongly in minimum wage laws use every apparent international vindication of them they can — and those who oppose them use similar tactics.

But the core problem with minimum wage laws has much more to do with unemployment than efficiency. Another American economics Nobel winner, Gary Becker, notes that some trade union leaders argue that minimum wage laws can lead to more, rather than less, employment. (An American academic study from New Jersey, which appeared to support that case, was eagerly latched on to originally, but some major doubts about that survey research have since been sounded.)

In any case, Becker's central contention takes some answering. How, he asks, is it probable that an increase in the price of a commodity (labour) will lead to increased demand for it (more jobs), other things being equal.

Finally, though, could South Africa bring in some wide-ranging minimum wage legislation that would not risk greater unemployment?

Perhaps. If the figures were extremely carefully chosen with different amounts for different industries and different regions and with provision for full or partial exclusion in special cases, some net national gains might be achieved.

But while this might succeed precisely because of its cautious approach, it would not in the least satisfy the trade unions.

Labour and business lock horns over minimum wage

(355) ARG 25/11/95

■ Submissions to the Labour Market Commission's public hearings on the introduction of a minimum wage in South Africa once again highlighted fundamental differences between capital and labour, writes SATURDAY Argus correspondent **JUSTICE MALALA.**

LIFE for the average South African farmworker is extremely dismal, according to Dickson Motha, general secretary of the months-old South African Agricultural, Plantation and Allied Workers' Union (Saapawu).

He painted a picture of their plight for the Labour Market Commission last week.

She leaves her mud hut at dawn to go to work, where she bends almost all day either digging or picking, and only returns home at dusk.

The average cash wage for a woman is R110, and for men R150 a month, but census data reveal that 1,3 percent of farmworkers receive no money at all. More than 20 000 of South Africa's 1,2 million farmworkers receive no payment for their work, except in terms of food and boarding.

She stands isolated, usually in a remote area where Saapawu and other unions, for various reasons, cannot gain access to her. Further, new labour laws contain no duty to bargain between the farmer and workers.

Mr Motha believes cessation of the kind of exploitation that still continues on most farms, and the improvement of workers' economic and social lot, can only be ensured by government intervention in the form of the introduction of minimum wages. These wages, which the union sets at R750, should be enforceable through set rules.

This view, put forward by Mr Motha before the Labour Market Commission's public hearings into the introduction and determination of minimum wages, reflected labour's bid to ensure better pay for their members and the ending of exploitation.

On the other hand, business weighed in with suggestions which opposed the imposition of a national minimum wage, and instead argued that further regulation of the labour market would lead to loss of jobs and scare away foreign investment.

The issue of a national minimum wage goes to the heart of our fledgling country's economics. It is the balance to be struck between a free market system and ensuring the human rights culture that is being forged does not turn into a sick joke.

The International Labour Organisation in 1992 defined a minimum wage as "the minimum sum payable to a worker for work performed or services rendered within a given period, whether calculated on the basis of time or output which may not be reduced either by individual or collective agreement, which is guaranteed by law and which may be fixed in such a way as to cover the minimum needs of the worker and his or her family, in the light of national economic and social conditions".

The difference between a living wage and a national minimum wage is that a living wage is socially determined whereas a national minimum wage is a policy instrument wielded by government to achieve certain ends.

These ends may be to alleviate poverty, redistribute wealth, encourage collective bargaining and sustain a certain minimum standard of living in a country.

In South Africa, it would be aimed at removing exploitation and ensuring some wages for those workers in industries like the agricultural, domestic and security sectors, which have virtually no collective bargaining arrangements and leave workers open to exploitation by unscrupulous employers.

However, the National Union of Mineworkers points out that although one of the most significant centralised bargaining arrangements in the country exists in the industry, covering more than 360 000 Chamber of Mines employees, pitifully low wages are still paid to workers. This is largely due to the legacy of apartheid pay scales.

"I blush to say that we have accepted a settlement, in one of the mines, where workers will receive R229 a month," the union's Martin Nicol told the commission.

Although there are differences among its affiliates on the rand value of such a wage, Cosatu endorses a "legally enforced national minimum living wage".

The SA Domestic Workers' Union (Sadwu) has pegged this minimum wage at R600 for its members, while Saapawu has called for a R750 minimum wage in the industry. NUM demands a R650 a month national minimum wage.

Cosatu chief Sam Shilowa has pointed out that the World Bank has found that the minimum living level — that is the minimum amount that the household can survive on — now stands at R850 per month. With some workers earning as little as R150 per month, is it humane to allow the situation to continue?

BOTTOM OF THE PILE: The average monthly income of a male farm labourer is R150 a month.

Business has other ideas. The Afrikaanse Handelsinstituut, the SA Chamber of Business and others arguedthat a minimum wage system did not succeed as an instrument to alleviate poverty, and that this problem couldbe better addressed by economic growth.

At the heart of their argument is that further regulation of the SA labour market will hamper the sound development of the free market mechanisms that are already being put in place by Trade and Industry Minister Trevor Manuel.

With more than 32 percent of SA's potential workforce unemployed. and only two out of every 100 entrants to the workforce able to find employment, the informal sector is the main employer of new entrants into the labour market.

Business points out that the introduction of a minimum wage would then mean that the small enterprise, still struggling for growth, would find it hard to pay according to its means.

"This government is committed to an internationally competitive market. But if we further regulate the labour market we will be failing to synchronise the various elements of our economy.

"We will then export thousands of jobs out of the country, and not only into Africa but to South-East Asia, where it will be more affordable for the small businessman to produce," said the AHI's JP Landman.

He admitted, however, that where there was no free bargaining the State could have a role in minimum wage determination.

"In such a case the wage level should not be set abnormally high. We should have a system that allows for flexibility in differences. It is not correct to have minimum wages for agricultural and steel industries, for example. The process of setting wage level should take cognisance of these differences," he said.

Other arguments that business puts forward are that minimum wages do not eliminate the fundamental reasons for low wage structures, offer no guarantee for higher productivity and may prove too difficult to police and monitor.

South Africa is not alone in its dilemma over whether to introduce this system or not. The SA Agricultural Union found that in developed countries there was virtually no uniform approach on the issue and in developing countries the only pattern that emerged was that it took place after consideration of economic factors and after consultation with interested groups.

The commission has a hard task before it. Enforcing minimum wages would have wide-ranging implications for our fledgling economy, either positive or negative.

What is clear, as Mr Landman put it, is that South Africa must find some way of reconciling the ending of exploitation with ensuring economic growth and competitiveness.

SA on horns of dilemma over wages

(385)

STAR 27/11/95

By Justice Malala
Labour Reporter

Dickson Motha, general secretary of the months-old South African Agricultural, Plantation and Allied Workers' Union (Saapawu), painted a picture of the average farmworker's life when he appeared before the Labour Market Commission last week.

She leaves her mud hut at dawn to go to work, where she bends almost all day either digging or picking and only returns home at dusk. The work is often arduous, and the the day usually only ends when daylight has faded.

The average cash wage for a woman is R110, and for men R150 a month, but census data reveal that 1,3% of farmworkers receive nothing at all. More than 20 000 of South Africa's 1,2-million farmworkers receive no payment for their work except in the form of food and boarding.

Farmworkers are isolated, usually in remote areas where Saapawu and other unions have difficulty gaining access to them. New labour laws also contain no clauses which insist on bargaining between farmers and workers.

Motha believes an end to the kind of exploitation that still continues on most farms, and the improvement of workers' economic and social lot, can only be ensured by Government intervention in the form of the introduction of a minimum wage. These wages, which the union sets at R750, should be enforceable through set rules.

Motha's view, voiced at the Labour Market Commission's public hearings into the introduction and determination of minimum wages, reflected labour's bid to ensure better pay for their members and the ending of exploitation.

"I blush to say we have accepted a settlement of R229 a month"

Business weighed in with suggestions which opposed the imposition of a national minimum wage, arguing that further regulation of the labour market would lead to job losses and could scare away foreign investment.

The issue of a national minimum wage goes to the heart of our fledgling country's economics. A balance must be struck with the free market system to ensure the human rights culture being forged does not turn into a sick joke.

The International Labour Organisation in 1992 defined a minimum wage as "the minimum sum payable to a worker for work performed or services rendered within a given period, whether calculated on the basis of time or output which may not be reduced either by individual or collective agreement, which is guaranteed by law and which may be fixed in such a way as to cover the minimum needs of the worker and his or her family, in the light of national economic and social conditions".

The difference between a living wage and a national minimum wage is that a living wage is socially determined whereas a national minimum wage is a policy instrument wielded by Government to achieve certain ends.

These ends may be to alleviate poverty, redistribute wealth, encourage collective bargaining and sustain a certain minimum standard of living in a country.

In South Africa, it would be aimed at removing exploitation and ensuring fair wages for those workers in the agricultural, domestic and security industries who have virtually no collective bargaining arrangements, which leaves workers open to exploitation by unscrupulous employers.

However the National Union of Mineworkers points out that although one of the most significant centralised bargaining arrangements in the country exists in this industry, covering more than 36 000 Chamber of Mines' employees, pitifully low wages are still paid to workers. This is due largely to the legacy of pay scales inherited from apartheid.

"I blush to say that we have accepted a settlement, in one of the mines, where workers will receive R229 a month," the union's Martin Nicol told the commission.

Although there are differences among its affiliates on the rand value of such a wage, Cosatu endorses a "legally enforced national minimum living wage".

The SA Domestic Workers' Union (Sadwu) has pegged its minimum wage at R600 for its members, while Saapawu has called for a R750 minimum wage in the industry. NUM demands a R650 per month national minimum wage.

Sam Shilowa, secretary-general of the Congress of South African Trade Unions (Cosatu), says the World Bank has found that the minimum living level now stands at R850 per month.

With some workers earning as little as R150 per month, is it humane to allow the situation to continue?

Business has other ideas. The Afrikaanse Handelsinstituut (AHI), the SA Chamber of Business and others submitted that a minimum wage system does not succeed as an instrument to alleviate poverty, and that this problem can be better addressed by economic growth.

At the heart of their argument is that further regulation of the SA labour market will hamper the sound development of the free market mechanisms already being put in place by Trade and Industry Minister Trevor Manuel.

With more than 32% of SA's potential workforce unemployed, and only two out of every 100 entrants to the workforce able to find employment, the informal sector is the one main employer of new entrants into the labour market.

Business points out that the introduction of a minimum wage would then mean that a small enterprise, still struggling for growth, could find it hard to pay minimum wage salaries.

"This Government is committed to an internationally competitive market, and so far it is opening. But if we further regulate the labour market we will be failing to synchronise the various elements of our economy.

"We will then export thousands of jobs out of the country, and not only into Africa but to south-east Asia, where it will be more affordable for the small businessman to produce," said the AHI's J P Landman.

He admitted, however, that where there was no free bargaining the State could have a role in minimum wage determination.

"In such a case the wage level should not be set abnormally high. We should have a system that allows for flexibility in differences. It is not correct to have minimum wages for the agricultural and steel industries, for example.

"The process of setting wage level should take cognisance of these differences," he said.

Other arguments that business puts forward are that minimum wages do not eliminate the fundamental reasons for low wage structures, offer no guarantee for higher productivity and may prove too difficult to police and monitor.

South Africa is not alone in its dilemma over whether to introduce this system or not. The SA Agricultural Union found that in developed countries there is virtually no uniform approach on the issue and in developing countries the only pattern that emerged was that the introduction of a minimum wage system took place only after consideration of economic factors and consultation with interested groups.

The commission has a hard task before it. Enforcing minimum wages has wide-ranging implications for our fledgling economy, both positive and negative.

What is clear, as Landman puts it, is that South Africa must find some way of achieving an end to exploitation while ensuring economic growth and competitiveness.

Manpower forum is finally wound down

BD 13/2/95

RENEE GRAWITZKY

THE final function to mark the dissolution of the National Manpower Commission was held earlier this month, five years to the day after former President FW de Klerk's "watershed speech", and coinciding with the launch of the draft Bill on the Labour Relations Act.

The commission's demise was conducted in such a haphazard fashion that it was necessary to formally close the book, former chairman Frans Barker said at the farewell.

The commission was essentially empowered to submit recommendations to the Manpower Minister on all labour matters and policy.

The Wiehahn commission in 1979 recommended the establishment of the commission as it foresaw "a more dynamic role for the state in the planning of future labour policy while at the same time abiding by the principle of as little intervention as possible in the relationship between employer and employee".

The Labour Relations Act of 1956 was amended in 1979 to make statutory provision for the commission.

The Minister was empowered to appoint members to the commission which included a limited number of union and employer representatives appointed only in their personal capacities and who did not represent the interests of business or labour.

The signing of the Laboria Minute in 1990 between Manpower Minister Eli Louw, union federations Cosatu and Nactu and employer federation Saccola paved the way for the restructuring that enabled the commission to become a proper tripartite forum.

The commission was restructured in 1992. The forum operated for about 15 months during which it was involved in several initiatives including laying the groundwork for the Labour Relations Act draft Bill, the harmonisation of homeland legislation and the Agricultural Labour Act.

In 1994, the tripartite parties within the commission and the National Economic Forum decided to merge the two bodies to form the National Economic Development and Labour Council (Nedlac) to be launched this month.

Barker said: "The whole mode of trying to find consensus was strong within the commission, although this declined slightly from April 27 onwards." He expressed the hope that Nedlac would not experience the same type of problems. However, "reaching consensus on the draft Labour Relations Act would certainly be Nedlac's first major test".

Public service salary plan on the cards

(355)

RENEE GRAWITZKY

AGREEMENT has been reached in the central chamber of the Public Service Bargaining Council on the formation of joint task teams to formulate a salary plan for the next three years that would resolve the public sector wage dispute.

BD 13/2/95

This agreement stemmed from discussions held in December between the two Deputy Presidents and the parties to the council to resolve the wage dispute and to avert a strike.

The Commission for Administration said the task teams would make recommendations on ways to narrow the wage gap, facilitate upward mobility, review the grading system, fringe benefits and allowances and to identify discriminatory practices and disparities.

The parties also agreed to bring into line court interpreters' allowances with those paid to administration clerks in the Justice Department.

The SA Health and Public Service Workers' Union, which was part of these discussions, at the weekend announced its intention to embark on strike action on an unspecified date in support of demands for a 15% across the board increase and a minimum wage of R1 500.

The date of the proposed action would not be announced before the action began for fear of police retaliation, union publicity secretary Themba Ncalo said.

He said that although the union was participating in the task teams, it did not regard them as being able to resolve the wage dispute.

Farmworkers call for minimum wage

355

Sowetan 13/2/95

THE new South African Agricultural, Plantation and Allied Workers Union (Saapawu) yesterday called for a minimum wage of R750 for all farm and rural workers.

Speaking at a Press conference in Crown Mines, Johannesburg, Saapawu general secretary Mr Dickson Motha said the union — which was launched on Friday — will campaign for the improvement of the Wage Act.

Congress of South African Trade Unions spokesman Mr Neil Coleman confirmed the granting of affiliation to the new union, which claimed a membership of 30 000 from seven provinces.

He said Cosatu would release about 10 000 farmworkers organised by one of its affiliates to join Saapawu.

Addressing delegates on Friday, Land Affairs Minister Mr Derek Hanekom said a farmworkers' union was long overdue.

He said one in five South Africans lived on white-owned farms and on average received less than one-third of a living wage.

Only one in 20 of these workers were unionised and unions struggled to serve members because of the distances involved.

Hanekom said land reforms should ensure that farmworkers were not left behind. He said the Government had made strides in land restitution and were now working on land redistribution.

He said farmworkers should benefit from the national housing scheme, adding that farmers would not have a right to evict farmworkers from houses built by the State.

Cosatu president Mr John Gomomo told delegates they had to ensure the draft Labour Relations Bill gave farmworkers the right to organise and bargain collectively.

Gomomo said there could be no increase in productivity and growth unless living conditions and labour relations improved.

Land Bank loans, subsidies and even drought relief should be conditional to farmers adhering to labour legislation, he said. — *Sapa*.

Miss South Africa, Basetsana Makgalemele, at the world title fight with one of the guests. PIC: MBUZENI ZULU

News

Durban cost hiatus over municipal gravy train

(254) (355)

Own Correspondent

DURBAN. - Local municipal officials are panicking about where the money will come from to pay the city's 450 incoming metropolitan councillors with the lowest allowance likely to be R3 000.

"Local government is being treated as the third carriage in the government gravy train and they're all planning to hop aboard," one official said yesterday.

Altogether 150 councillors will serve on the metro council and 300 on the four area councils.

"It's been the most contentious issue in all the negotiations," ANC local government spokesman Dr Mike Sutcliffe said.

The issue is so sensitive no other politician or official was prepared to be quoted.

A source said until recently most ANC and IFP councillors-in-waiting were demanding between R5 000 and R6 000 a month, not the paltry "garden boy" sum of R1 900 which "ordinary" Durban city councillors currently earn.

Dr Sutcliffe said ordinary councillors would probably only have to attend four to six meetings a month.

At a meeting on Monday the ANC "camp" decreased this sum and suggested ordinary councillors should earn R2 725 a month.

But the IFP stuck to R5 000 and the NP to R4 000. However, they later agreed to R3 000. CT 9/2/95

Govt, unions start work on salary plan

(355)

CAPE TOWN — Government and public service unions began work yesterday on a comprehensive three-year salary plan for SA's 1,2-million public servants. BD 8/2/95

Government and union negotiators have given themselves two months to draft the "salary improvement plan".

Unions threatening strike action over wages have agreed to suspend any action to give the initiative a chance.

Participants at a crucial two-week meeting of the central chamber of the Public Service Bargaining Council in Durban yesterday described "a new spirit of co-operation" between government and the 18 public service unions.

A union negotiator attributed the newfound co-operation to a realisation by mainly white unions that they could no longer frustrate the restructuring process. "They seemed to have finally realised there is no turning back," he said.

Wage negotiations broke down last year when government said it could not afford to meet union demands for a 15% across-the-board increase and a minimum monthly wage of R1 500.

The two sides agreed to resume negotiations after the intervention of Deputy Presidents Thabo Mbeki and FW de Klerk late last year, when the idea of a salary plan was mooted for the first time.

One union participant warned yesterday that the partnership between government

DAVID GREYBE

and the unions was wholly dependent on the salary improvement plan. "We still reserve the right to strike," he said.

Another source said there was a "strong feeling" among delegates that if government and the unions were not to lose credibility among public servants they had to produce a joint plan by the middle of April.

Union negotiators conceded they would have to scale down their demands because of government's financial constraints.

Negotiations on the plan will be conducted by a main task team — representing Public Service Minister Zola Skweyiya, the Public Service commission and the unions — plus five smaller specialist task teams.

The specialist teams have to: devise strategies to narrow the wage gap; review the remuneration system; look at allowances; identify "all" disparities and discriminatory practices; and, research promotions.

Members of the main task team met yesterday to work out preliminary details before work in earnest began next week, a source said.

Meanwhile, negotiators set up a separate task team to study public service labour relations in light of the draft Labour Relations Bill. Negotiators also agreed on broad affirmative policy guidelines for departments.

MANAGEMENT

'Board should foster workplace training'

BD 16/2/95

AMANDA VERMEULEN

GOVERNMENT and business should establish a private sector-funded national training board to foster education and skills training in the workplace, says training group Mast executive chairman Stephen Dallamore.

"The education White Paper stresses the importance of making lifelong learning accessible to all through a funding partnership between business and government, particularly for adult basic education and training," Dallamore said this week.

It had become clear that adult and skills training would have to be a private sector responsibility which could be achieved through a national training board.

The board would be chaired and run by private sector specialists, and funded by levies on companies' salary and wage bills. This could be refunded to companies which trained staff according to set criteria, he said.

"The Minister of Education should urgently research qualifications, standards, curricula and new insititutions to revitalise education outside conventional structures."

Dallamore said a concept similar to the proposed national training board had been established in Mauritius.

It had proved successful, with government and business providing thousands of adults with new skills.

"Some of the training models in Mauritius are certified by the training board, which allows companies to assess whether their programmes are meeting minimum standards. Companies claim back levies paid to the board if certified training is completed."

Dallamore said a similar system was essential in SA to rectify shortcomings in education.

A government education policy guaranteeing schooling up to Std Eight could not solve the economic disaster facing the country if poor productivity levels were attacked aggressively, he added.

Mast, the largest private training group in the country, was increasingly seeing clients undertaking training programmes to develop their staff and taking adult education projects into the community.

Some of the larger public sector organisations were spending 5% of their wage bills on training, contributing to a total R1bn spent by companies on training programmes annually.

"However, unless research is conducted, it will be difficult to assess whether these programmes are effective."

Dallamore said skills training was needed on the shop floor and in middle management. "By 2000, more than 50% of SA's middle managers will be black, and if local business wants to maintain or improve service standards, it will have to implement induction programmes."

Distance learning, computer-based training and a drive to improve the standards of black teachers would have to become national priorities.

Shift to skills-based payments

(247) BD 16/2/95

ERICA JANKOWITZ

COMPANIES are shifting to skill-based remuneration to encourage better production levels from leaner staff complements, says Sibson & Company corporate consulting director Norman Smith. (355)

"Skill-based pay minimises labour costs and reduces the need for a strong management presence."

It differed from traditional systems by paying workers for development and application of work-related skills rather than according to job grades and time spent at work.

Workers were encouraged to acquire and apply new skills, as well as widen their area of expertise. "Pay increases are awarded only after employees demonstrate that they have actually acquired and can apply more skills."

This encouraged worker flexibility, improved output and lowered absenteeism.

Overall costs were reduced although higher compensation costs could be incurred through accelerated skills acquisition. These would be offset by productivity gains.

Workers should be involved extensively in the design and implementation of such pay systems.

"It is also essential that skills and certification standards are valid, that appropriate assessment processes are in place."

BD 12/2/98

Wage deal sealed

A MINIMUM wage of R900 a month has been agreed to between the National Union of Farmworkers and Plantopia, a division of Rentokil. They have also agreed on a guaranteed annual bonus equivalent to one months' salary, five days' compassionate and paternity leave, the formation of a provident fund and long service awards. (@)(353)

REPORTS: Business Day Reporters, Sapa.

Pay, perks probe looms

355 CT 17/2/95

By ANTHONY JOHNSON
Political Correspondent

PRESIDENT Nelson Mandela will appoint a commission to look into the pay and perks of parliamentarians "very soon", ANC chief whip Mr Arnold Stofile said yesterday.

The ANC caucus meeting was briefed yesterday on progress made regarding the setting up of a remuneration commission to replace the Melamet Commission into the conditions of service for parliamentarians.

Mr Stofile, who jokingly referred to the body as the "Gravy Train Commission", said it would be administered by Mr Mandela's office.

National Assembly leader Mr Trevor Manuel briefed the caucus yesterday on plans to set up a pension fund for MPs.

Mr Stofile said a motion would be tabled in Parliament today asking for the establishment of a committee to look into the fund.

Social workers demand 'gravy'

CT 22/2/95 (355)

By YVETTE VAN BREDA

ABOUT 250 academic and practising social workers marched to Parliament yesterday to chants of "We want gravy" and demanded improved salaries and working conditions from Welfare Minister Mr Abe Williams.

The group, all members of the Concerned Social and Allied Workers Association, handed a memorandum to Mr Williams calling for a 100% state subsidy for non-government welfare organisations.

Some of the marchers claimed that social workers were the "lowest paid professionals".

Mr Williams promised to respond to wage and working conditions demands within a month.

Group spokesman Dr Mandla Tshabalala, a senior lecturer in social work at the University of Cape Town and newly-elected deputy mayor of Pinelands, said the march highlighted the plight of welfare workers.

Dr Tshabalala described Mr Williams' response as "positive", but warned that further mass action would follow if their demands were not met.

In a statement, Mr Williams admitted that service benefits for social workers were a "reason for dissatisfaction". He also noted that welfare organisations were "subjected to enormous financial strain".

Protest over poor wages

(355)

DURBAN. — Hundreds of social workers marched here yesterday to protest against poor wages.

CT 23/2/95

The placard-carrying protesters brought traffic to a standstill as they marched from Durban City Hall to the offices of the provincial department of social welfare and pensions where they handed in a memo asking that all those involved be consulted about financing and subsidising certain welfare services. Their protest follows a similar one in Cape Town on Tuesday. — Sapa

In Brief

CT 23/2/95

Soldiers demand back pay

JOHANNESBURG. — About 100 disgruntled soldiers from 21 Battalion in Lenasia gathered at the city hall here yesterday to demand at least R30 000 each in back pay.

A spokesman for the soldiers, Rifleman Bongani Mashego, said they had received three increases since 1992 and should have received a lump sum of R10 000 in back pay with each increase. The servicemen's contracts expire on March 31. (~~254~~)(355)

The SANDF said although there had been pay problems, it was unlikely the soldiers' back pay could amount to R30 000. — Sapa

Uncertainty of a minimum wage

(355) BD 18/7/95

LONDON — The long-running debate over the desirability of a minimum wage in Britain will enter its next round today at a conference organised by the Confederation of British Industry. The arguments so far have understandably centred on the impact of a wage floor on jobs, but not enough attention has been paid to its impact on profits and prices.

There is at least general recognition now that the economics of the minimum wage are not as straightforward as textbooks have long made out.

If they are honest, economists cannot be sure at what point a minimum wage would be too low to be effective or too high not to price people out of work. So the low-paid cannot know with any confidence whether a minimum wage is in their interest.

Those who remain in work should be better off and the scare stories about 2-million job losses have been exposed as nonsense. But it is still a sobering thought that many people's chances of getting or keeping a job under a Labour government will depend on the combination of skill and guesswork with which the minimum wage is set.

The business people assembled by the confederation this week can at least be confident about the impact that a minimum wage will have on them. It will push up their costs and reduce profits. This is true even if the minimum wage is chosen at an ideal level, one which forced employers to pay workers the value of their output, while still making it worthwhile for employers to keep those workers on.

The size of the impact is far from certain. But Kleinwort Benson economists Leo Doyle and David Owen have made an attempt at the calculations. They make the plausible assumption that Labour finally opts for a minimum wage of £3,50 an hour. This is less than the unions want, slightly more than Labour suggested at the last election and in line with the figure in France, relative to average earnings.

The Kleinwort team estimates that a £3,50 minimum wage would affect 17,5% of the workforce or 3,75-million people, just under half of whom would be part-timers.

To emphasise the uncertainties which surround calculations of this sort, it is worth remembering that economists at BZW have estimated that a £3,60 minimum wage would affect only 2,5-million people.

Kleinwort estimates that the average person earning less than £3,50 an hour (or £6 700 a year) is getting £2,76 an hour. So on average their pay would rise a quarter.

Rigorous application of free-market theory would suggest that all these people would now cost their employers more than the value of their output. So everyone who had been earning less than £3,50 would be laid off, while all those earning more would be entirely unaffected.

Both these theoretical outcomes are unrealistic. First, employers do not pay workers what they are worth. They exploit the fact that it is costly, time-consuming and sometimes impossible for workers to find similar but slightly better-paid jobs elsewhere. Second, people who are earning above £3,50 an hour will try to restore part of their pay differentials.

The effect on wage bills will depend on the degree to which differentials are restored. Kleinwort calculates that even if there was no restoration, the wage bill would rise £4,1bn or 2,3% of total company income. If a quarter of previous differentials was restored, it would add £10,8bn.

The eventual consequences of cost increases like this will depend crucially on the state of the economy at the time a minimum wage is introduced. If it happened at a time when consumers were extremely reluctant to pay higher prices, then companies would probably have to absorb a large part of the impact by cutting profit margins. If it happened when consumers were enjoying strong income growth, tax cuts and other windfalls then the rise in prices could be significant. Evidence from the US suggests this would be the case.

The state of the economy will determine also whether the impact of the minimum wage was a one-off upward shift in the price level, or whether it resulted in an enduring increase in inflation by a price-wage spiral. Kleinwort predicts that profits will fall by 4% and that there will be a one percentage point rise in inflation. If the Bank of England decided that this demanded higher interest rates to slow the economy and squeeze inflation, the impact on jobs would be that much less rosy. — Financial Times.

Clothing workers march for increase

(355)

Renee Grawitzky

SO 1/6/95

THOUSANDS of clothing workers marched in Cape Town and Durban yesterday in support of demands for a 15% increase in their total wage package.

Sapa reports Labour Minister Tito Mboweni, after accepting a memorandum from the SA Clothing and Textile Workers' Union (Sactwu) outside Parliament in Cape Town, assured thousands of protesting workers his ministry fully supported the drive towards a new labour relations Act.

The marches were in response to a failure by the parties involved to reach agreement on wages at the last national dispute meeting held this week.

Sactwu negotiator Lionel October said employers had offered a 12% increase on the total package. He said shop steward council meetings would be held in the regions over the next few days to decide on whether to embark on a national strike.

In the cotton textile industry, meanwhile, national negotiations were continuing with the last scheduled meeting due to take place on June 5. The union is demanding R45 across the board per week and employers have offered R27.

☐ Earlier in Durban, traffic was disrupted and main streets in the centre of Durban were blocked by several hundred KwaZulu/Natal college students who were marching to the city hall to protest against bursary structures.

SA labour costly, say Koreans

CT(BR) 2/6/95 (355)

By Claire Gebhardt

Economics Editor

South Africa's high labour wage rates relative to productivity were "very disappointing" Un-Suh Park, Korean trade, industry and energy, deputy minister said. He was speaking at the conclusion of a trade and investment mission to South Africa yesterday.

At a media briefing in Johannesburg, Park said average monthly wage rates in South Africa of about $400 compared unfavourably with wage rates of about $50 dollars in Sri Lanka and $150 in China.

The productivity of South African workers was about 30 percent of Korean workers who earned a monthly wage of about $1 100, he said.

However education and training of the workforce could make South Africa's industries very cost effective, he said.

Park also urged South Africa to consider tax incentives to encourage foreign investment. A tax holiday of at least 5 years was the minimum needed, he said.

This would bring South Africa in line with the tax incentives offered in Asian countries.

The Korean delegation was made up of six government officials and 27 businessmen representing the car, electronics, construction and natural resource industries. They were impressed by South Africa's good infrastructure and abundant minerals, he said.

Problems facing South Africa included its dual first and third world economic structure and the lack of education and training of the workforce.

Park said there was potential for the expansion of investment and trade between the two countries in the areas of electricity, telecommunications, harbours, housing, water supply, textiles, electronics and medical equipment.

Bilateral trade, which had increased by 30 percent year-on-year last year, was about $1,1 billion. In the first quarter of this year there was an increase of 50 percent.

He hoped bilateral trade would increase to $5 billion in 5 years, he said.

Business contracts and talks during the Korean Mission's visit to South Africa resulted in the establishment of 19 projects worth $783 million.

The private sectors of the two countries had provisionally agreed to two housing projects worth $133 million.

Also agreed to were contracts for South African exports to Korea to the value of $70 million and Korean exports to South Africa of $31 million.

During President Mandela's visit to Korea this month a science and technology cooperation and an air transportation agreement would be discussed.

The removal of non-tariff barriers and support from South Africa

Unit labour cost inflation drops

(355) BD 5/6/95

Mungo Soggot

A SHARP decline in labour cost inflation in manufacturing meant the sector was likely to be one of the less dangerous inflationary trouble spots as SA braced itself for a protracted spell of double digit inflation, economists said at the weekend.

Reserve Bank figures show unit labour cost inflation in manufacturing has sunk from last year's top level of almost 10% to 5,5% in the first quarter of this year — the lowest since the second quarter of 1984 when it was 3,6%.

The fall in unit labour cost inflation in the sector has been accompanied by a surge in output from the sector which has been the economy's star performer in the past two quarterly GDP figures. In the first quarter of this year the sector grew 6% from the same period last year and economists said revised figures could show growth of 8%.

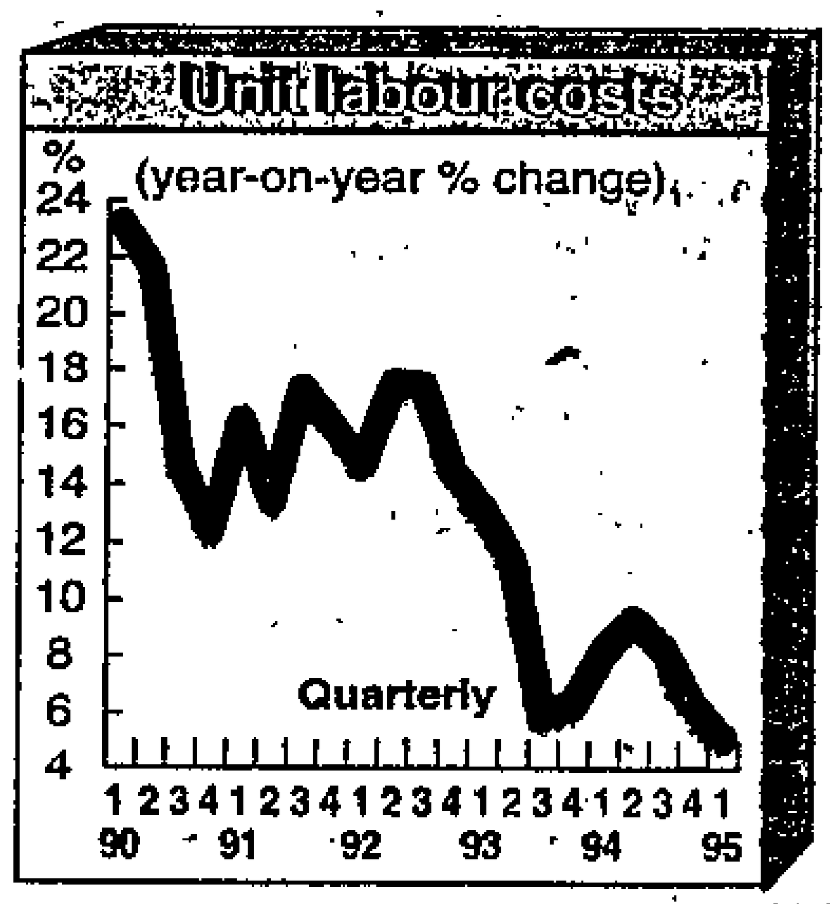
Economists said the fall in inflationary pressures from the manufacturing sector, which accounts for a quarter of GDP, was one of the factors which could postpone a further tightening of monetary policy.

The April inflation figure of 11% released last week was one of a series of recent economic indicators which fuelled speculation that a hike in Bank rate was imminent. But Reserve Bank governor Chris Stals said later in the week there was no need for such a "drastic measure".

Ed Hern Rudolph chief economist Nick Barnardt said the April inflation figure of 11% was not that worrying as there were special, once off factors behind it — including recent increases in mortgage rates — and because unit labour cost inflation was so slow.

Economists forecast inflation would rise to close to 12% by mid-year, tail off in the third quarter and pick up again in the fourth. Standard Bank's economic unit predicts an average rate for 1995 of 10,5%.

One economist said apart from general demand pressures as the recovery gathered pace, the main driving forces behind inflation in months to come would be food and the likely continued depreciation of the rand.



Pay deal for clothing workers

BD 8/6/95

Renee Grawitzky (355)

THE SA Clothing and Textile Workers' Union and clothing employers agreed yesterday to a 13% increase for workers on their total package year on year.

The agreement, which covers nearly 100 000 workers countrywide, has yet to be ratified by both parties. It amounts to a 12,75% increase calculated on an annual basis, and provides for a 0,5% premium above 12,75% for the Eastern Cape, Free State and Northern Cape region to help close the wage gap.

Sactwu spokesman Elias Banda said the union had believed real wage increases should be achieved because inflation had eroded the purchasing power of workers. "This year we are now in the arena of having achieved real wage increases."

It was agreed total labour costs would be negotiated at national level with the regional industrial councils being left to structure how the total package would be apportioned between wages, annual bonuses and provident fund contributions.

Clothing employer spokesman Johan Baard said regional talks would be held to finalise agreements which took into account regional differences.

Baard said the clothing industry had an effective three-tier bargaining structure where wages were negotiated at national level; regional issues were discussed within regional industrial councils; and issues such as productivity, retrenchment and discipline and grievance at plant level.

Such an arrangement showed that "centralised bargaining need not be inflexible, unimaginative and bureaucratic. Parties could model the structure to service their interests."

Steel pay hike offer rejected

CT 15/6/95

The National Union of Metalworkers of SA rejected engineering employers' 10% wage hike offer yesterday and threatened to lead its 120 000 members in a strike.

Secretary-general Mr Enoch Godongwana said the offer by the Steel and Engineering Industries Federation of SA was "irrelevant" to the issues the union had tried to address, which included narrowing the "apartheid wage gap".

(~~1044~~) (355)

Hefty pay rises will hurt the poor

CT(BR) 19/6/95 (355)

Trade unions are entitled to push for wages as high as they can get. They have every legal and moral right to disagree with company owners and managers about how profit should be divided between shareholders and staff.

In this column last week I urged the case, strongly held by the unions, for far greater disclosure of the full pattern of corporate remuneration.

Further, in any democratic society the law must and will provide for the right of strike action, subject to some procedural requirements and the strict rejection of violence, intimidation, sabotage and other criminal abuses.

If, however, there are any adverse consequences for unions over jobs or incomes arising from strikes and other disruptions, they must accept that as their own responsibility. They must not then come pleading to government, or anyone else, to bail them out.

Similarly, union leaders and their backroom advisers are bound to use just about any and every argument they can find, sound or silly, to claim that, whatever the problem, the solution almost invariably lies in part in better pay and conditions.

But they should not also pretend to a phony concern for the plight of millions in South Africa who now have no proper jobs at all.

Stripped of glib rhetoric and dangerous half-truths, the simple fact is that hefty pay rises for all those with full-time formal employment are not compatible with the massive job creation that South Africa so desperately needs.

That does not mean, though, that redistribution of wealth is neither possible nor desirable. It is, on both counts.

The World Bank, in its 1994 treatise, "Reducing Poverty in South Africa", commented: "South Africa is among the small group of middle income countries, including Brazil, Jamaica and Honduras, with grossly unequal distributions of income. Fifty one percent of annual income goes to the richest 10 percent of households. Less than 4 percent goes to the poorest 40 percent."

Note that for practical purposes not one urban unionised worker falls into that bottom 40 percent. What is needed is a radical restructuring of state expenditures that gives the highest priority to uplifting the wretched lives of that huge and desperate group.

Unhappily, however, the odds are that this is not what will happen. In his compelling work of the late 1980s, "The New Realities", the doyen of management economists, Peter Drucker, observed: "The post-1945 development the economists promised was going to eliminate poverty; it was going to raise the incomes of the poor first and fastest. Instead it everywhere first produced a new middle class."

That process is now gathering momentum in South Africa. It is preferable to the old economic order that prevailed for decades. But, whether they realise it or not, unionised urban workers are moving steadily on their way to becoming the primary mass of that middle class. It is government, not the unions, that has to tackle the ultimate poverty crisis.

SPOTLIGHT

By Howard Preece

Unionised urban workers in SA are fast becoming middle class

Union approaches are also matched in most ways by the general conduct of business. Owners and managers aren't looking to "fair" pricing, whatever that might mean. They basically seek to "charge what the market will bear".

If they don't take this attitude then, as with rank-and-file pressures on union chiefs, corporate executives can expect harsh words from shareholders.

Business also uses an army of lobbyists, public relations personnel and spin doctors to press its case. One might almost be led to think that the average company director is just a person with a mission to serve the nation.

Sure, this whole annual ritual of the pay battle — with threat and counter-threat, demand and counter-demand from unions and employers — seems archaic, anarchic and certainly damaging to South Africa's already fragile economic prospects.

No wonder the International Monetary Fund, among many others, urges this country to seek some form of "social contract" in which, in theory, the wage structure is determined with much less strife in the workplace and much more stress on employment creation.

Naturally enough, though, there is a lot of opposition to this concept. Most unionists in South Africa see it as some kind of capitalist plot, if only because they think that of just about anything emanating from the IMF.

But free market purists also reject the idea out of hand. To them all it means is a distortion of market forces, and never mind that such forces are distorted wholesale by oligopolies and monopolies across the South African economy.

Pragmatists would be ready to go with some version of the social contract, temporary and limited perhaps, if they thought it had any practical chance of not merely getting off the ground but actually flying.

Reality, however, in contemporary South Africa is that this is a non-starter. Socio-political and economic tensions and divisions are too acute, for all the post-apartheid national reconciliation.

We are not an Argentina where the great majority of the population has not only had the opportunity to vote for economic interventionist populism but which has also had 40 years of disastrous experience of the results.

But South Africa cannot escape international realities. Foreign capital and foreign know-how have no need to come here unless there are sufficient rewards and attractions.

Union leaders in South Africa are absolutely right to stress the crucial need for widespread programmes of industrial skills training, quite apart from the need for much better basic education.

But the unions have also to recognise that in seeking to push up the wages of the unskilled as high as possible and as rapidly as possible, at the expense of payment to the skilled, they are taking potentially colossal risks with the economy.

On the other side, however, South Africa could certainly do well to rid itself of its British inheritance in which "white collar" work is somehow intrinsically more valuable than unskilled or semi-skilled "blue collar" work.

But there's a problem with that now as well. South Africa's new classes include thousands of black urban white collar workers. They carry far more political clout proportionately than the deprived rural millions.

These factors together are a severe reminder of just how difficult it is going to be to secure a much more equitable distribution of income without harming the country's economic growth and without letting those most in need go largely unheard.

Survey says bosses are buying peace

BY JUSTICE MALALA
LABOUR REPORTER

Workers received increases of between 10,75 and 12,5% this year, suggesting that employers are more willing to settle to ensure industrial peace in the light of improving business, labour consultants Andrew Levy and Associates said yesterday.

The consultancy said in its quarterly strike report that strike action for the first half of this year had been low.

But it warned it was too early to say how these figures would relate to the rest of the year.

Only 95 000 labour days were lost due to industrial action this year compared to 1,2-million for the same period in 1994, 700 000 in 1993, 650 000 in 1992 and 192 530 in 1991.

Although this year's number is a significant drop from last year's figure, it must be stressed that 1994, as the year of the first democratic election, cannot be regarded as typical, the survey said.

"It needs to be borne in mind that the labour law issue has a marked potential to raise the figures significantly, should the focus move from mass action to the shop floor," it said.

Wage-related strikes accounted for 61% of days lost, 12,5% were related to recognition agreements, 10,3% to retrenchment, grievances for 9,5% and dismissals for 6,9%.

The consultancy said while wage negotiations were settled quickly during the first quarter, this was no longer the case and a number of negotiations seemed to be headed for deadlock. It said this suggested wage settlements were likely to increase from the current average of 11,9%.

The union responsible for the most labour days lost through strikes during 1995 was the Food and Allied Workers' Union, which was responsible for 38% of the lost days.

The National Union of Farmworkers accounted for 18% of the lost days, Transport and General Workers' Union for 13%, SA Commercial, Catering and Allied Workers' Union for 12% and the National Union of Food, Wine, Spirits and Allied Workers' Union for 5%. The Chemical Workers' Industrial Union accounted for 4% of the lost days.

(355) Star 21/6/95

Resistance to individual pay

(355) BD 26/6/95

Business Day Reporter

PAY packages with built-in individual performance incentives would be strongly resisted by trade unions until a meaningful minimum wage was in place, research consultant Faith McDonald said this week.

Addressing an AIC seminar on performance pay, McDonald said historically low incomes which hardly sustained workers and their families meant unions were reluctant to negotiate individual performance-related pay systems.

However, the debate on whether sectoral bargaining or a government incomes policy should set minimum wages had yet to be resolved and the contentious issue of centralised bargaining underpinned much of the recent industrial action over draft labour legislation.

McDonald suggested that small enterprises unable to "make any meaningful contribution to long-term wealth creation if they cannot afford to pay a basic minimum wage" did not deserve to be in business.

Historical disparities between management and labourers' incomes needed to be addressed to bring differentials more in line with SA's trading partners. Again, it was debatable whether the market would rectify these imbalances or government intervention was required.

This could take the form of "a salary or wage freeze on those earning more than a specific annual figure, together with more stringent taxes on company perks".

Athough unions were increasingly aware of the need to improve productivity and were open to discussions on incentive schemes, individual packages were treated with great scepticism. Unions were also opposed to subjective criteria being the sole basis on which merit pay was calculated. "Adequate performance assessment requires a holistic approach which takes account of not only management criteria, but also peer groups and subordinates."

In addition, overseas research showed no conclusive evidence that merit pay improved performance standards or acted as a motivator in recruiting or retaining staff.

However, recent evidence showed unions were more open to productivity bargaining and many companies were successfully negotiating agreements which contained performance pay components, McDonald said.

Bill 'will worsen labour relations'

BD 26/6/95

Business Day Reporter

INFORMATION disclosure provisions in the Labour Relations Bill — currently under discussion — were likely to fuel the adversarial nature of industrial relations, FSA-Contact managing executive Pierre Wolmarans said last week.

This clause would force parties to try to outwit one another.

In addition, the Bill conflicted with a Labour Appeal Court judgment which found an employer had not committed an unfair labour practice by failing to disclose confidential information to a union.

He said the Bill stipulated that employers should disclose relevant information to a representative trade union to enable effective consultation on collective bargaining issues.

"However, the draft Bill is silent on what should be regarded as relevant information, and management and employee representatives will have to negotiate about the relevance or irrelevance of certain information."

The Bill included a list of issues the drafters felt should be matters for consultation at workplace forums, but many would be seen by employers as sensitive or even confidential.

He suggested the Bill tried to force parties to the negotiating table to define what information should be disclosed rather than allowing the process to develop naturally, and might harden attitudes.

'Close apartheid wage gap'

(335) CT 26/6/95

JOHANNESBURG: The National Union of Metalworkers of SA (Numsa) has vowed that there will be no wage settlement in the metal industry this year unless employers commit themselves to closing the apartheid wage gap.

Speaking after the union's two-day conference on Friday, Numsa president Mr Mthuthuzeli Tom said should efforts at conciliation in the Industrial Court this week fail, the union would ballot its 120 000 members on what action to take.

Numsa and the Chemical Workers' Industrial Union have declared a deadlock with the Steel and Engineering Industries Federation of SA. — Special Correspondent

Union threatens to act tough over pay

Sowetan 26/6/95

(355)

Sowetan Correspondent

THE National Union of Metalworkers of SA has vowed there will be no wage settlement in the metal industry this year unless employers "commit themselves in principle and in practice to closing the apartheid wage gap".

Speaking after the union's two-day national bargaining conference on Friday, Numsa president Mr Mthuthuzeli Tom said should efforts at conciliation in the Industrial Court this week not produce a satisfactory settlement, the union would ballot its 120 000 members in the industry on what form of action to take.

The conference came after annual wage talks involving representatives of more than 275 000 workers and the employer body, the Steel and Engineering Industries Federation of SA, ended acrimoniously two weeks ago when Numsa and the Chemical Workers' Industrial Union declared that they were in deadlock with employers.

Seifsa has made a final offer of a 10 percent general wage increase and an 11 percent increase for workers in the lowest grades but has proposed no increases on minimum wage rates.

It has also offered to increase subsistence allowances by 10 percent, to introduce improved maternity leave provisions and to improve the minimum severance payment structure for retrenched employees.

Eleven of the 13 unions taking part in the negotiations modified their wage demands in the last negotiating meeting and will present their final positions at the conciliation meeting.

Numsa has presented an interlinked package of demands which are aimed at addressing the "apartheid wage gap" that exists between workers in the lowest rungs and those higher up, low levels of training and education, the reduction of grades and job security.

THE STAR / TUESDAY JUNE 27 1995

'Time short to avert national strike'

(355)

'No deal unless bosses close apartheid wage gap'

Star 27/6/95

BY JUSTICE MALALA
LABOUR REPORTER

The National Union of Metalworkers of SA (Numsa) has vowed that there will be no wage settlement in the metal industry this year unless employers "commit themselves in principle and in practice" to closing the apartheid wage gap.

Speaking after the union's two-day national bargaining conference on Friday, Numsa president Mthuthuzeli Tom said should efforts at conciliation in the Industrial Court this week not produce a satisfactory settlement, the union would ballot its 120 000 members in the industry on what action to take.

The conference came after annual wage talks involving representatives of more than 275 000 workers and the employer body, the Steel and Engineering Industries Federation of SA (Seifsa), ended acrimoniously two weeks ago when Numsa and the Chemical Workers' Industrial Union declared that they were in deadlock with employers.

Seifsa has made a final offer of a 10% general wage increase, and an 11% increase for workers in the lowest grades, but has proposed no increases on minimum wage rates.

It has also offered to increase subsistence allowances by 10%, to introduce improved maternity leave, and to improve the minimum severance payment for retrenched employees.

Eleven of the 13 unions taking part in the negotiations modified their wage demands in the last meeting and will present their final positions at the conciliation meeting.

Numsa has presented a linked package of demands aimed at the "apartheid wage gap" between workers on the lowest rungs and those higher up, at low levels of training and education, the reduction of grades, and job security.

Numsa secretary-general Enoch Godongwana said that in countries which competed with the South African metal industry, wages of the lowest-paid workers were at least 70% of the average artisan's wage rate. In South Africa the lowest-graded workers earned less than 30% of an average artisan wage.

"This conference has put in place contingency plans for a national ballot of our membership in the metal and engineering industry. Time is now running out to avert a national strike," Godongwana said.

(355) (~~128~~)

Wage packets will get fatter

BY CLAIRE GEBHARDT

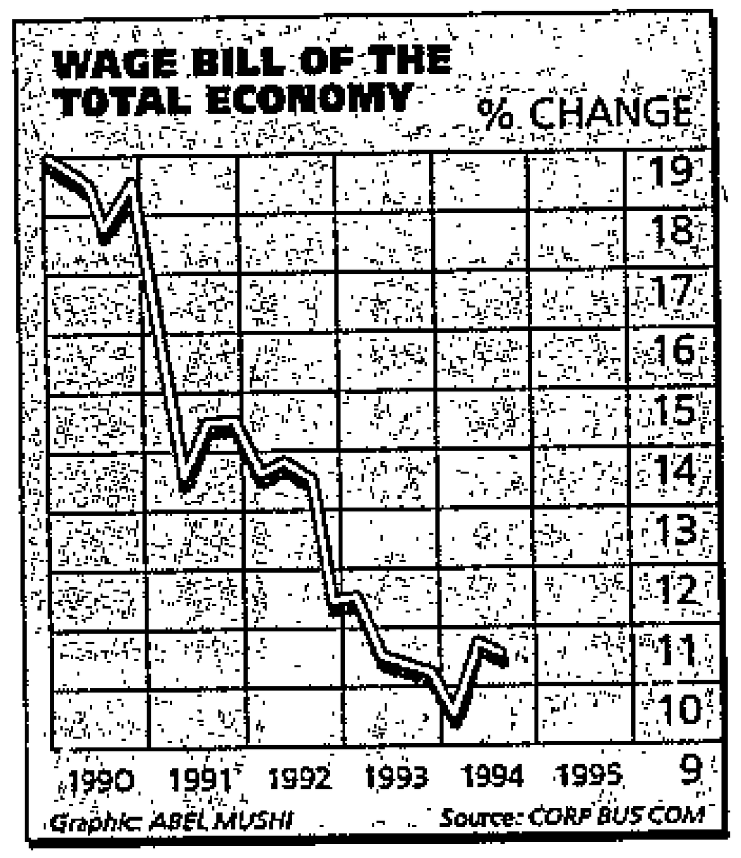
Wages and salaries are expected to spurt 10 percent this year as the economy gathers steam.

Old Mutual economist Dave Mohr says this will be the first time in years that wage earners will be receiving an annual increase equal to the inflation rate.

The economy is also forecast to show its best growth rate in years in 1995 with a 3 percent increase in gross domestic product.

This is seen as a significant improvement on the negative growth of the past 10 years as confidence lagged, businesses closed their doors and the number of jobs contracted.

Mohr says the upswing in total wage levels began early last year and probably accelerated in the second half as more people found jobs.



"The ten percent rise is particularly significant in that it represents the end of the slide in salaries and wages."

Growth will have to be increased gradually, possibly to four percent in 1996 and five in 1997 rather than a jump to eight percent overnight, he says.

By mid-1995 the economy will technically have been in an upward phase for two years but the consumer is benefiting from the upswing for the first time in the current cycle.

With a shortage of skilled labour already reflecting the substantially improved economic outlook, local industrialists have just begun to feel the increased consumer demand thus far met largely by higher imports.

Consumer spending, reflected in Private Consumption Expenditure is forecast to be the strongest in seven years.

Buoyant turnovers are expected to further increase the positive investment and spending climate.

Mar 1/3/95

Though Mohr is forecasting a three percent overall increase in Bank Rate this year, he believes this will not dampen the new wave of optimism.

"As the upswing continues, factories will begin installing new plant and this will provide new job opportunities and lead to higher wages."

Good news for investors on the Johannesburg Stock Exchange (JSE) is that the earnings cycle has turned with the upswing in JSE share prices.

Old Mutual Investors' Fund portfolio manager Jeremy Bolton says earnings growth will support share prices over the next two years.

"Confidence has flowed back and the mood is one of optimism which should be reflected in retail turnovers."

Among the sectors expected to do well are the so-called RDP shares as well as market segments expected to profit from the changed circumstances.

Old Mutual Unit Trusts believes that foreign demand for SA shares will continue this year.

Optimism over salary levels

(355)

EDWARD WEST

CAPE TOWN — Wages and salaries were expected to increase 10% this year as wage earners would for the first time in years receive an annual increase equal to the inflation rate, Old Mutual chief economist Dave Mohr said yesterday.

Mohr said the upswing in total wage levels began early last year and probably accelerated in the second half as more people found jobs.

By the middle of the year the economy would technically have been in an upward phase for two years, but the increase in wages represented the first time the consumer was benefiting from the upswing.

Surveys were indicating skilled labour was not as readily available, which reflected the improved economic outlook. "Local industrialists have just begun to feel the increased demand which has thus far been met largely by higher imports," he said.

Old Mutual forecast that consumer spending would be the strongest in seven years, and even the predicted rise in interest rates this year was not expected to dampen the wave of optimism.

Old Mutual Investors' Fund portfolio manager Jeremy Bolton said earnings growth would support share prices over the next two years. Foreign demand for SA shares was expected to continue this year.

THE STUDY OF THE EFFECTIVENESS OF
MICRO COMPUTER BASED DECISION
SUPPORT SYSTEMS

An Essay 2

by D L CAMPBELL

August 1987

Public service wage plan

(355)

DAVID GREYBE

CAPE TOWN — Public service negotiators said yesterday they hoped to wrap up a R2,1bn wage package for the 1995/96 financial year by the end of the month.

The central thrust of the plan would be to further narrow the "apartheid wage gap" in the state sector by awarding the highest increases to the lowest paid workers. Public servants who earned more than R46 000 would not receive an increase.

Government sources said the salary improvement plan represented a 3,8% increase on the current R54,8bn public service wage bill — which made up an estimated 40% of state expenditure. The new wage increases would, however, be offset by an average 6%-8% natural attrition rate.

Negotiators said the plan was similar in concept to last year's package, which was unilaterally implemented by government. This year increases would be awarded to a wider wage bracket.

Union negotiators were confident the government-initiated plan would win the backing of a majority of the 18 public service unions in negotiations this month. It is set to be presented to the central chamber of the Public Service Bargaining

BD 1/3/95

□ To Page 2

Public service

BD 1/3/95

□ From Page 1

Council in the first week of next month.

According to the plan, the lowest paid workers, who earned around R10 000 annually, were in line for a 26% increase; those earning between R25 000 and R30 000 would get a 4%-5% increase; and those earning around R46 000 less than 1%.

However, some union officials said they still hoped to negotiate better increases for the higher earners, particularly for the R25 000-R30 000 bracket.

The three-year salary plan and new conditions of service are being worked out in a newly established forum — consisting of one main task team and eight subteams — of government and union negotiators. Agreement on the establishment of the forum was brokered by Deputy Presidents Thabo Mbeki and FW de Klerk late last year after wage negotiations broke down.

Conservative unions representing mainly white public servants in the top jobs yesterday indicated a willingness to accept the proposed salary plan despite their earlier opposition to it.

However, union officials said government would have to agree to award increases to all salary categories in the second and third year of the plan. The officials said they favoured inflation-linked increases across the board.

NUM calls for fair wage, anti-discrimination Bill

(355) (2?) STAR 13/3/95

BY JUSTICE MALALA
LABOUR REPORTER

More than 500 delegates representing the 320 000-strong National Union of Mineworkers (NUM) have called for the implementation of a fair wage structure.

At a weekend central committee meeting held in Pretoria in preparation for negotiations with mining houses next month, the union called for a basic minimum wage of R1 200 for surface workers and R1 325 for underground workers.

The NUM said members were threatened by retrenchments and therefore an agreement had to be negotiated between management and the union to regulate sub-contracting, which usually led to the retrenchment of workers.

Saying worker participation in decision-making was essential, the NUM added that workplace forums suggested in the draft Labour Relations Act should be adapted to frame specific demands.

It said although racist laws have been repealed, a workplace anti-discrimination Bill was needed to force "enterprises with a culture of racial domination to change their ways".

The union condemned all forms of corruption said any person found guilty of such behaviour should be removed from public office.

The union also said the sovereignty of the Constituent Assembly must be upheld and called on its members to isolate anyone who perpetrates acts of violence.

The delegates resolved that the union should make whatever resources it had available to ensure massive participation of voters in the October local government elections.

It said migrant workers resident in South Africa as at June 15 1986 should be recognised as permanent residents and therefore eligible to vote in the poll.

'Transkei chiefs get higher salaries'

CP 5/3/95

355

SOME chiefs earn far more than others!

More than R20 million was being paid out annually in salaries and allowances to six paramount chiefs, 172 chiefs and 1 032 headmen in the former Transkei and Ciskei, the Eastern Cape provincial legislature heard this week.

While speaking on the House of Traditional Leaders Bill, MEC for Local Government Max Mamase said there were "glaring disparities in earnings between Ciskei chiefs and their Transkei counterparts".

More than R17 million was being paid out to Transkei's five paramount chiefs (annual salary R219 246), 136 chiefs (annual salary R42 795) and 832 headmen (annual salary R12 174).

This compared "unfavourably" with the R3 million paid to Ciskei's paramount chief, Chief Maxhoba Sandile (annual salary R144 000), 36 chiefs (R27 722) and 202 headmen (R9 379 each a year).

"The salaries, stipends and allowances should be reviewed and consolidated in order to obtain uniformity . . . but the traditional leaders should be adequately remunerated for the roles they perform," he said. – Sapa.

Major victory for Mwasa over Perskor

By Joe Mdhlela
Political Reporter

THE Media Workers Association of South Africa this week gained a major victory when Perskor agreed to give workers a minimum wage of R1 500 a month.

General secretary of Mwasa in the KwaZulu-Natal region, Mr Mike Mtakati, said the union regarded the developments at Perskor as "a major victory" for workers.

"Until Monday, when we settled with the company, there were still workers who earned as little as R980 a month," Mtakati said.

Perskor general manager Mr Fanie Gouws confirmed that his company had settled with the union — a move that averted industrial action.

Sowetan 9/3/95

Working relationship

"We are glad we have reached a settlement with Mwasa on all their demands. We hope to have an improved working relationship with the union," Gouws said.

The company has also agreed to give weekly paid staff a 12 percent increase, as opposed to its initial offer of eight percent.

A general labourer will now earn a minimum of R287,84 a week, with drivers, representatives and clerks, earning a minimum of R360,64 a week.

Workers earning more than of R1 500 a month will gain a ten percent increase.

Mtakati disclosed that Perskor and Mwasa would establish a disparity committee to "ensure that all disparities are rooted out".

Officials' pay levels released

(355) Star 10/3/95

BY CHARMEELA BHAGOWAT
CITY REPORTER

Greater Johannesburg Transitional Metropolitan Council (TMC) leadership will receive allowances of between R9 000 and R13 000 a month if an executive committee recommendation is approved by Gauteng Premier Tokyo Sexwale.

The executive committee based its recommendations on a report by management consultants Deloitte and Touche, which was commissioned to investigate the remuneration of councillors' and office-bearers' allowances.

In a report to the TMC yesterday, the committee recommended that:

- The TMC chairman (mayor) and executive committee chairman be paid R12 833 a month.
- Members of the executive committee receive R9 625.
- Ordinary councillors get R3 208 in line with increases recently received by members of the provincial legislature.

The report also recommended travel allowances and the use of provided cellular phones for executive committee members.

For their metropolitan substructure (MSS) counterparts, the committee recommended that the mayor and executive committee chairman get R10 235; executive committee members R7 676; and ordinary councillors R2 559.

The TMC and MSS deputy chairmen are also to receive an allowance of 25% of the pay of the chairman of the structure, over and above his or her normal allowance as a member of the executive committee or as an ordinary councillor.

Other recommendations included that councillors on the CBD MSS receive allowances of R2 559 and members of the Tenders Committee and Town Planning Tribunal receive R473 per session. The chairmen of these committees might be paid R630 per session.

The executive committee rejected the commission's recommendation that its members should not be paid additional allowances for positions of office or membership of other committees.

Regarding councillors sitting on MSSs and the TMC, the committee report said they would have to be paid for both positions, because of legal considerations.

The commission said in its report that the Local Government Transition Act accepted dual membership, that there were no laws to prohibit councillors from receiving allowances from both bodies, and that the TMC could expose itself to legal action should it decide to withhold such payment.

The TMC executive committee accepted the commission's recommendation that no additional allowances should be paid to members of the CBD MSS executive committee.

NEWS ROUND-UP

(355)

NUM demands wage increase

SOUTH Africa's 327 000-strong National Union of Mineworkers said yesterday it would push for a minimum basic wage of R1 200 a month for surface workers and R1 325 for underground workers.

"At some mines the current minimum is R300 a month. We demand that the mining and energy industries rectify the injustices," general-secretary Kgalema Motlanthe said.

Wage negotiations between the NUM, which represents black miners, and the Chamber of Mines are due next month. ST 12/3/95

Miners 'should be best paid workers'

(355) RENEE GRAWITZKY (287)

MINEWORKERS should become the highest paid workers in SA, the National Union of Mineworkers' central committee resolved at its weekend meeting in Pretoria.

The central committee decided that no overall wage guidelines would be set for the industry this year, and individual negotiating teams would formulate demands on the basis of their specific circumstances.

"Core demands" for minimum wages of R1 200 for surface workers and R1 325 underground were included in a strategy document circulated at the conference and endorsed by the 500 delegates.

The NUM this week estimated that there was an average minimum wage of about R830 in the industry and demanded increases be well above a predicted inflation rate of 11%. BD 13/3/95

It was decided that wage increases for coal and iron workers should be higher than for gold; the gap between lower and higher paid workers should be narrowed; a single wage structure incorporating skilled and unskilled workers should be created; broad banding should be introduced, and time off should be granted for education and training to improve skills.

Wages as low as R300 a month in the former homelands had to be addressed, it was also resolved.

Delegates rejected the use of subcontracting at the expense of members and called for an agreement to regulate the

□ To Page 2

Miners

(287) (355) BD 13/3/95

□ From Page 1

practice.

The union, which now represents 327 000 miners, acknowledged worker participation was crucial "for the new era of industrial relations". However, no final position was adopted as further discussion on workplace forums was needed.

The NUM's campaign on housing and the democratisation of the hostels would continue. Its demands were not "for an overnight change" but for substantial progress and commitment to normalise the disparities in housing standards.

NUM president James Motlatsi condemned what he called "bachelor wages" paid to mineworkers and called for the urgent delivery on the RDP otherwise there would be "no transition to a new SA but simply a resurrection of the old one but painted, this time, in black".

In his opening address, Motlatsi reiterated his call for the nationalisation of Gold Fields, and a resolution that mines continuing to violate human and worker rights should be nationalised was later adopted.

In his report, NUM general secretary Kgalema Motlanthe condemned the ANC for its failure to transform from a liberation movement to a majority political party. It was a serious weakness that "everybody can claim the right to act and speak in its name without being obliged to be accountable and responsible for their deeds and utterances". This resulted in an organisation unable to lead in the transition period and without strong leadership.

Motor industry deal signed

(192) (355) BD 14/3/95

RENEE GRAWITZKY

A WIDE-RANGING agreement covering about 170 000 workers and 17 000 employers has been reached in the retail motor industry, where the lowest-paid workers will receive a 13% wage increase.

The agreement, which took three years to negotiate, covers garages, workshops and panelbeaters. It provides for extended working hours and phasing out discriminatory pension funds and medical aid for National Union of Metalworkers' of SA (Numsa) members.

It was negotiated between the SA Motor Industry Employers' Association, Numsa, the Motor Industry Employees' Union and the Motor Industry Staff Association.

The agreement provides for a 13% increase for about 43 000 petrol attendants, raising the minimum monthly wage in the industrial council agreement to R598.

Numsa motor sector co-ordinator Tony Ehrenreich said it was unusual that the lowest paid workers received the lowest percentage increases. Petrol attendants' wages would be renegotiated in six months after the fuel forum had deliberated on deregulation of the fuel industry. If the industry was deregulated, thousands of jobs could be jeopardised.

☐ To Page 2

Motor industry

(355)

☐ From Page 1

Artisan rates would increase 14,5% to a minimum R2 404 a month, while workers between the bottom and top grades would receive a 19% increase. Workshop hours would be extended from 6pm to 11pm during the week and to 1pm on Saturdays.

Employers' association executive director Vic Fourie said the agreement to extend working hours reflected Numsa's "realisation" of market requirements. Ehrenreich said the possibility of job creation was a reason why Numsa agreed to this.

Employers agreed to establish a provident fund with a 3% contribution from employers and workers which, over two years, would be raised to 6%, bringing Numsa members in line with white workers who were on a different fund.

BD 14/3/95

A medical aid for Numsa members would also be established with the [illegible] of creating one fund for all workers in the industry. The agreement is expected to be effective from April.

Numsa to focus on wage talks

(189) (365)

RENEE GRAWITZKY

THE National Union of Metalworkers of SA (Numsa) faced a tough battle in eradicating the remaining vestiges of apartheid structures and empowering workers in the metal, vehicle and tyre industries, Numsa general secretary Enoch Godongwana said yesterday. BD 15/3/95

The focus of the Numsa conference starting today would be to formulate wage demands and to evaluate the progress of the three-year bargaining strategy introduced last year.

Numsa aimed to develop a wage policy where workers were paid according to their skills and the racial wage gap was narrowed to provide for a 10% differential between grades, Godongwana said.

The introduction of a new grading system such as broad banding — which reduced the number of grades between the lowest paid workers and the artisans — was also necessary.

Progress had been made in the vehicle and tyre sectors, while the metal industry had agreed to reduce the number of worker grades to five, with technicians on grade six.

Demands would be submitted to Seifsa on Monday and negotiations would begin on April 17. Negotiations in the vehicle sector were scheduled to start on April 24.

Public service wage bill is cut

(355)

BD 16/3/95

DAVID GREYBE

BUDGET 1995

CAPE TOWN — The public service wage bill has been reduced from 40% of total state expenditure to 38,6% in the 1995/96 financial year, in line with government's stated commitment to public sector belt-tightening.

Finance Minister Chris Liebenberg yesterday announced in his Budget speech government had set aside R2,5bn for improved conditions of service including salaries. This was sufficient for a less than 5% average increase, although the lower-paid strata of the public service would benefit most.

He stressed, apparently to allay union concerns, that the "actual amount and its utilisation were still being negotiated" with employee organisations. Most unions agreed at the end of last year to suspend threats of industrial action to give negotiations on new service conditions a chance.

He made no mention of changing the size of the 1,2-million-strong public service. Government officials said this was intentional. They said greater representivity in the public sector would be achieved through the filling of 11 000 "affirmative action jobs" announced last year, while staff numbers would be lost through natural attrition.

A Department of State Expenditure official said that the R2,5bn set aside for improved service conditions did not include the 3,2% annual "salary creep" due to existing public service salary scales which provide for automatic increases for each year of service.

Government has also set aside R270m for public sector retrenchments, details which were announced in December by Public Service Minister Zola Skweyiya.

The 1995/96 public service wage bill will total R59,1bn, compared to R54,8bn in the 1994/95 financial year.

Liebenberg said central to the new public service deal was "the improvement of wage levels of low income earners and a reduction of the large differential between the lowest and highest wages".

However, the State Expenditure official said government would find it difficult to "ignore" the higher earners next year.

By then they would have forfeited salary increases for two years in a row. He warned of "trouble" from the unions if that happened.

Liebenberg also stressed the importance of "quality" public sector financial management, in the interest of ordinary South Africans — "the real beneficiaries of the reconstruction and development programme".

Liebenberg said quality public sector management helped "stabilise interest rates and prices, create confidence in government's management of the economy and reduce the burden of debt servicing on the Budget".

These factors not only promoted economic growth and employment, but would eventually have a positive effect on real wages and make basic services more affordable. Mismanagement which led to rising interest rates and inflation would only be to the detriment of all South Africans.

Pep Stores could face wage strike

RENEE GRAWITZKY

THOUSANDS of Pep Stores workers in 1 200 shops around the country could strike next month if the company did not revise its offer of 11% or R130 across the board, SA Clothing and Textile Workers' Union (Sactwu) retail sector co-ordinator Richard Kawie said yesterday. (355)

If no agreement was reached at a final meeting on March 30, the parties would meet at the conciliation board on March 31, Kawie said.

The union was demanding a R150 across-the-board increase, the removal of wage differentials between urban and rural workers and a guaranteed 13th cheque.

The union said the company's minimum wage in urban areas was R1 033 and R983 in rural areas.

Company spokesman Hennie Smal said differentials between urban and rural workers was agreed to a number of years ago. BD 22/3/95

Initially, negotiations were conducted jointly between Sactwu, the SA Commercial, Catering and Allied Workers' Union and the breakaway union, the Entertainment, Catering, Clerical, Commercial and Allied Workers' Union. The company said this proved untenable and negotiations continued separately.

Welfare staff 'vulnerable'

(355)

POLITICAL STAFF

STATE welfare staff were in danger of becoming secondary abusers of the very victims of society they were so poorly paid to care for, Deputy Minister of Welfare and Population Development Ms Geraldine Fraser-Moleketi warned yesterday.

Speaking before addressing about 100 angry social welfare workers at the Mowbray Town Hall, Ms Fraser-Moleketi, said their long hours and poor pay contributed to domestic pressures at home which increased potential for abuse of the people they cared for at work.

Emphasising that she was giving an example of the negative effects of failing to resolve grievances, she said: "The people they care for are already extremely vulnerable and often abused — we simply cannot afford to have a dissatisfied work force".

Ms Fraser-Moleketi was standing in for her senior minister, Mr Abe Williams, whom the Concerned Social and Allied Workers, had given until yesterday to reply to a list of demands.

A 9,3% increase in the R13 billion allocated to welfare in the Budget, had to cater, for example, for 18 000 "waitlisted" Eastern Cape pensioners and salary increases were not specifically catered for.

"We're going to have to juggle quite a bit," she said.

CT 23/3/95

A qualified state social worker's minimum salary was R2 187 with a maximum of R3 146 after 10 years' service.

(355)

SA pay levels static

Sowetan 23/3/95

LONDON — South Africa's Government has taken on a 'formidable objective" in trying to reduce strike action, while real pay levels remain static or in decline, says the London *Financial Times.*

In the process, it has surprised many people, not least supporters of the ANC, by the combative attitude it is taking towards pay demands.

"One of the most serious concerns about the country's long-term ability to compete internationally was that the new Government would prove too sympathetic to the demands of organised labour, says the paper.

Evidence of how tough the Government intends to be in resisting pay rises was supplied by last week Budget, the paper reports.

The increase in public sector pay is to be held at 3,25 percent; a six percent fall in real wages for the majority of workers. — *Sowetan Correspondent.*

Attempts to be made to derail local gravy train pay scheme

(355) STAR (216) 23/3/95

BY CHARMEELA BHAGOWAT
CITY REPORTER

It was highly unlikely that Gauteng would accept Greater Johannesburg's salary proposals which would result in certain councillors earning more than national members of Parliament, a provincial government source said yesterday.

Sources indicated that Premier Tokyo Sexwale was expected to veto the proposals made by the executive committee of the transitional metropolitan council (TMC) and would make a few of his own in an attempt to derail the local gravy train.

The executive committee proposed that councillors serving on metropolitan substructures (MSSs) and the TMC get paid full allowances for both structures.

Because all 100 TMC councillors also serve on the CBD MSS, the minimum each councillor will receive if the proposal is accepted is about R6 000.

The maximum a councillor serving on two MSSs, the TMC and the provincial legislature could receive every month is about R25 000.

However, an option being considered by province, said the source, was paying councillors who served on the TMC and MSSs one full allowance and then hourly rates or fixed meeting-allowances for the work they do on other structures.

If Sexwale accepts the proposals, the TMC salary bill could go up to about R2-million a month.

Irritation

"The proposal is completely out of line with Government thinking. The attitude is that we do not want R2-million a month going to salary bills, because money is needed for services, development and local government elections," said another source.

There seems to be growing irritation within provincial government with the Greater Johannesburg TMC, which broke its own negotiated agreement at the inaugural meeting in January when it voted in two deputy chairmen (mayors) and two deputy executive committee chairman after the NP, DP and ANC struck a power-sharing deal.

Sexwale turned down the request to create the two extra posts.

This time, the TMC has ignored provincial policy on the grading of transitional councils, which affects the allowances of councillors.

One source said provincial policy dictated that transitional councils be accorded the same grade as the highest-graded dissolved local authority in its jurisdiction.

The TMC, however, has proposed that all its MSSs — including the CBD, where there has never been a council — receive a grading of 12.

"Greater Johannesburg is just pushing it a bit too far," said the source.

The source said other transitional councils had not presented the province with extravagant proposals. The North East Rand TMC, for example, had opted to pay councillors serving on two structures the higher of the two allowances.

Acting chief executive officer Hans Muller said they were waiting for the province to suggest how councillors should be paid for additional work.

BUSINESS REPORT, FRIDAY MARCH 24 1995

Real wages higher, with more increases forecast

Wage increases after inflation showed a slight rise in the eight months to February, but employers are expecting higher wage demands for the rest of this year, according to the Industrial Relations Network. In a report released yesterday, the IR Network said two-thirds of employers surveyed anticipated wage increases would be higher in 1995 than last year. "Wage increases will probably average between 10 and 11 per cent this year," it said. (355) (~~123~~) CT (BR) 24/3/95

10-11% pay increases likely

(353) Sow 24/3/95

BY JUSTICE MALALA
LABOUR REPORTER

Workers can expect wage increases of between 10 and 11% this year as unions, buoyed by a strengthening economy, are expected to fight for real wage increases when negotiations with employers begin in earnest from this month.

The IR Network, an industrial relations information service, says in its quarterly wage analysis which was released yesterday that wage increases for this year will match the average inflation rate, which is forecast to be about 11%.

High on most unions' agenda for this year will be workplace democratisation, followed by demands related to more equitable pay structures, skills training, elimination of wage differentials and new job-grading systems.

IR says it is highly unlikely that the newly formed National Economic Development and Labour Council will introduce some form of incomes policy with limits on wage increases in the short term.

"The labour movement will not accept limits on wage increases — it has no mandate to do so. It is too early to expect Nedlac to be able to rein in unrealistic wage demands and wage militancy."

It says the average wage increase for the period from August to February was 9,99%, which was only a slight improvement on the average increase for the same period in 1993/94.

For this period, wage increases averaged only slightly higher than the inflation rate. For the period since August 1994 the consumer price index averaged 9,57% and therefore wages increased by 0,42% in real terms.

The food, furniture, retail and transport industries paid the highest increases. The lowest rates are paid in the construction and mining industries, with the National Union of Mineworkers earning the lowest wage rate of R3,84 an hour.

"Labour is looking beyond simple percentage increases and is developing increasingly sophisticated wage policies that place wage rates in the context of skills training, new job-grading systems ... and worker participation in decision-making," the analysis says.

Deadlock in Argus pay talks

(~~273~~) (355)

■ LABOUR REPORTER

Star 24/3/95

The South African Union of Journalists, representing journalists on Argus newspapers countrywide, yesterday declared a dispute with Argus management after a deadlock in wage talks.

The move came as about 30 SAUJ members staged a lunchtime picket outside The Star's Sauer Street entrance in support of the union's demand for higher salaries and other benefits.

The dispute was declared after Argus management's final offer on wages of 10,5% in negotiations yesterday, with management retaining the prerogative to allocate 20% of that increase on the basis of merit.

Negotiations with the Media Workers' Association of SA, also representing Argus workers, resume today. A source within Mwasa said the union would demand a revised 13% across-the-board increase.

Wage increases rise

WAGE increases after inflation showed a slight rise in the eight months to February, but employers are expecting higher wage demands for the rest of this year, according to the Industrial Relations Network. BD 24/3/95

In a report released yesterday, the IR Network said two-thirds of employers anticipated wage increases would be higher in 1995 than last year, averaging 10%-11%. In the period August 1 1994 to February 28 1995, increases were 9,9%. In the same period, inflation averaged 9,57% resulting in a wage increase of 0,42%. (355)

NEWS Employers budget for only 10 percent wage increases for SA workers

No big pay raises for most workers

335 ~~122~~

Sowetan 27/3/95

By Mzimasi Ngudle

■ BELOW INFLATION Increments are less than the rising cost of living:

MOST mployers have budgeted for a 10 percent wage increase, a percentage less than the 11 percent inflation rate forecast for this year, an IR Network survey has shown.

In its report, the IR Network, an industrial relations information service, says labour commentators have suggested that the National Economic Development and Labour Council would in the long term introduce some form of income policy with limits on wage increases.

Confrontation

However, the report says the labour movement will not accept limits on wage increases. The report notes that a scene for confrontation over wages has already been set in the mining industry, with employers asserting that increases of 10 percent or more would be suicidal for the industry.

The National Union of Mineworkers has formulated a four-pronged bargaining approach, which translates to a demand of well over 10 percent increase in wages. The same applies to the National Union of Metalworkers of South Africa.

Drop in strike activity, but wage talks loom

365

CT(BR)28/3/95

After a tumultous 1994, the labour front is far quieter. However the volatile public sector remains a cause for concern

By Claire Gebhardt
Economics Editor

Man-days lost to strikes dropped dramatically in the first quarter of 1995 to 60 000, compared with 295 000 in the same period last year.

Labour consultants Andrew Levy & Associates attributed this to an "atypical 1994" when man-days lost escalated as a result of the political climate.

"Under these circumstances, when smoothed and adjusted, these figures are as expected and probably indicate a return to the normal pattern of the annual wage round."

The caveat is that very few companies have begun wage negotiations yet.

Levy said that, unlike last year when a number of strikes were carried over from the previous year, there was only one major carry-over this year — the protracted action by Saccawu members at Spar. This strike was an important marker for franchise operators and the issue of centralised bargaining, said Levy.

"Even though the workers involved in this dispute have since been dismissed, the situation remains tense, with stores being looted and trashed and a high level of violence taking place."

While wage-related strikes still dominate the [illegible] percent) Levy said it w[illegible] that recognition-related strikes were dominated by the strike at Spar.

Retrenchment-related strikes (12 percent) probably represented the tail-end of companies affected by the long economic downswing; these were likely to decline.

Strikes stemming from grievances (14 percent) were consistent with previous years, while those related to dismissals (7 percent) were still low, indicating that most companies were now conversant with procedures to be followed.

Levy said early indications were that wage negotiations were settling quickly and within expected ranges. "But it is too early to say that this indicates single-digit settlements across the economy."

Best indications would come from the mining, metal and motor sectors within the next few months.

The greatest unknown quantity was the public sector: "As yet no indications of settlements from that front have emerged."

Levy said that a single strike in 1995 had accounted for a very high percentage of man-days lost. "Surprisingly, this strike — a wage-related strike at SA Dried Fruit Co-operative, involving 800 workers for five weeks — received scarcely any publicity."

This strike, combined with the strike at Simba, accounted for Fawu again leading the stakes in terms of man-days lost, with 51 percent followed by Saccawu (17 percent), NAFW (11,2 percent), CWTU (6 percent), NUM (4,6 percent) and Numsa (4,2 percent).

WEDNESDAY
★ MARCH 29, 1995

Intense bargaining over police pay hike

(355) CT 29/3/95

ANTHONY JOHNSON
POLITICAL CORRESPONDENT

A series of intense bargaining sessions were held in Cape Town yesterday between Finance Minister Mr Chris Liebenberg, national police Commissioner George Fivas and the police unions.

Deputy President Thabo Mbeki and several other ministers were also drawn into the negotiations.

The meetings followed an earlier assurance by Mr Fivas and President Nelson Mandela that the police could expect a pay hike. A sum of R2,5 billion has been set aside for civil service increases.

Public Servants Association general manager Mr Casper van Rensburg said in Pretoria yesterday that the R2,5bn earmarked would not be enough to meet the needs of public servants in general as well as the police.

He said that a 5% raise would require an extra R1,5bn.

Wage policy high on union's agenda

RENEE GRAWITZKY

THE formulation of a wage policy and a programme of action in support of centralised bargaining in the chemical industry are to be the main areas of discussion at the Chemical Workers' Industrial Union's third national collective bargaining conference starting today.

General secretary Muzi Buthelezi said the union would demand that government, as it had done in the public sector, legislate centralised bargaining arrangements in the Labour Relations Act for all industries, as was agreed by Cosatu's central executive committee last Friday.

He said that the union was "on the verge of an agreement being reached with the five petroleum companies on the establishment of a centralised bargaining forum".

This would be the first centralised bargaining forum in the chemical industry, Buthelezi said.

(355)

One of the obstacles to agreement was the employers' rejection of negotiating wages at central level.

But he did not believe this would ultimately be a problem in the establishment of the forum.

BD 31/3/95

However, the union would formulate a programme of action to put pressure on employers over the centralised bargaining demand, he said.

In the formulation of its wage policy, which would consider linking wages to skills development, there would be input from NUM general secretary Kgalema Motlanthe.

Retiring general gets paid out for 579 days' leave

355

By PETER de IONNO

WHEN Major-General "Obie" Oberholzer retired from the police in November he collected a R235 315 payout for 579 days accumulated leave — equivalent to 27 years of working without a holiday.

General Oberholzer's leave gratuity was the largest claimed by six police generals and 20 brigadiers who have taken early retirement on the Witwatersrand since April last year.

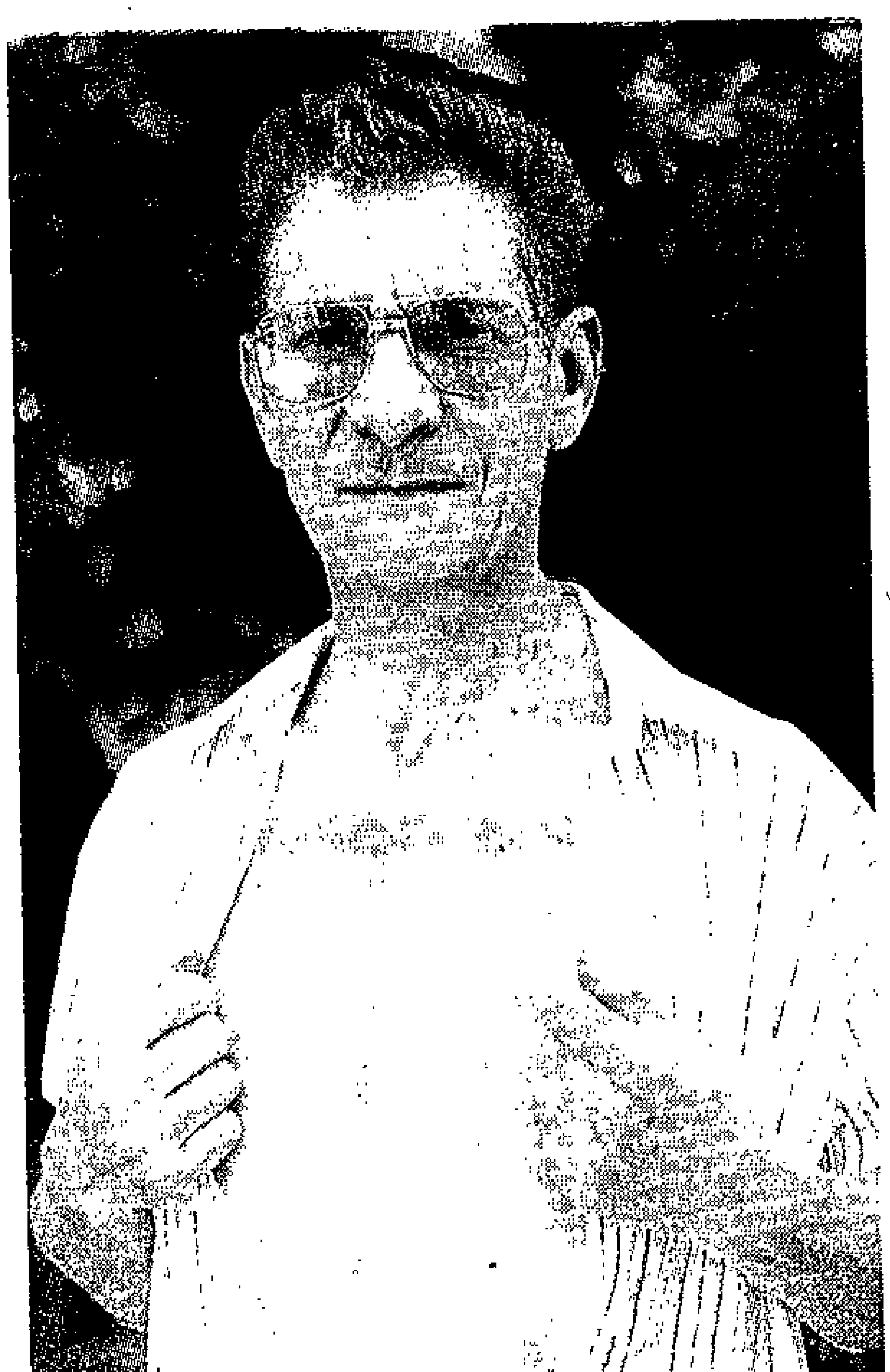
But he had accumulated only the third most leave. Brigadier J Goosen is to be paid for 597 days and Brigadier J H Nortjie collected R200 872 for 580 days.

Only two of the officers listed had accumulated less than 100 days.

The figures were released by Gauteng MEC for Public Safety and Security Jessie Duarte in response to a written question by Democratic Party safety and security spokesman Peter Leon.

Questioning the level of retirement benefits paid to senior officers, Mr Leon said that, on average, a major-general received a pension gratuity of some R450 000, a monthly pension of R10 000 for life and a leave gratuity of some R150 000.

Calling for an urgent investigation into retirement benefits for police officers "including the accumulation of leave pay", Mr Leon said: "It looks like a case of take the money and run."



COP-OHOLIC . . . Oberholzer's holiday pay equalled 27 years without a day off Picture: JON HRUSA

His criticisms brought an angry response from the police general staff which deplored the "derogatory" manner in which early retirement of police officers had been reported.

In a statement in Pretoria it also expressed its "displeasure" at claims that leave gratification for policemen was an improper benefit.

General Oberholzer, former deputy commissioner on the East Rand, who retired on medical grounds following a heart attack in June, said his doctor had told him to "retire or die".

"The accumulated leave was not a matter of my choice. Many times when I applied for leave it was rejected," he said.

"In the early part of my career I spent 15 years in small stations at border posts, at Qwacha's Nek, Pafuri and Goleta. It was almost impossible to take any leave."

General Oberholzer said publicity focusing on the dramatic increase in commissioned officers leaving the police on medical grounds was "damaging".

"It puts a bad light on those who have had to leave the force for reasons which are true," he said.

Gerrit van der Merwe, spokesman for the SA Police Union, said officers accumulating hundreds of days of leave frequently did so at the expense of their health.

"Junior officers choose to work through the year without leave because they cannot afford to take holidays. Manpower shortages, particularly in areas affected by unrest, often mean that their applications get no further than their unit commander," he said.

"When police were being sent away to the border, they would work continuously for three months and get seven days' leave when they returned. Many did not bother to take their annual leave and it just built up.

"We are reaping the harvest now with so many police officers suffering from stress and depression.

"It is the responsibility of police management force members to take the leave that is due to them."

Union lowers wage demand

CT 7/4/95 (355)

PRETORIA: The South African Health and Public Service Workers' Union yesterday lowered its wage demand to the government to R1 350 a month and said it was "not married" to its insistence on a 15% pay rise.

Spokesman Mr Themba Ncalo told reporters here the original demand of R1 500 a month was "not the union leadership's idea it came from our members".

SAHPSWU members went on strike in January this year to press for a R1 500 for all public servants.

The action was called off after four days "to give the government an opportunity to respond". The union has since made several threats about its demands not being met and has warned that cabinet ministers would be taken hostage.

"Should our demands for a minimum wage not be met we will definitely go on a national strike from May 1," he said. — Sapa

Explosive year ahead, labour expert warns

CT(BR) 7/4/95 (655)

BY CLAIRE GEBHARDT
ECONOMICS EDITOR

The 1995 wage bargaining season will probably be characterised by the same conditions which led to largely spontaneous and undisciplined strikes between April and July last year.

This is the warning from industrial relations consultancy Gavin Brown & Associates in its latest Collective Bargaining Survey.

The survey also forecasts:

☐ Wage increases above the inflation rate — probably averaging 11,5 percent;

☐ High levels of industrial action, probably highest in the public sector;

☐ Strike action characterised by rank-and-file tactics, with union leadership hard-pressed to exercise influence; and

☐ A further erosion of trade union resources as a result of the local government elections.

The survey also notes that the New Labour Relations Bill has rendered the current Labour Relations Act "something of a lame duck" just as the current annual wage round begins.

Statutory institutions such as the industrial court are no longer functioning effectively as personnel are quitting in anticipation of their demise.

It asserts that uncertainty over the final content of the bill to emerge from the National Economic Development and Labour Advisory Council (Nedlac) is promoting an "institutional vacuum" across a range of major labour relations questions.

The survey warns that major structural adjustments are pending in collective bargaining.

"The next two to four months will reveal whether or not this can occur without crippling and divisive confrontations that will retard the pace of economic recovery and RDP delivery," it says.

Union demands reveal a return to long "shopping lists" — clear evidence of the primacy of the rank and file in formulating wage demands.

Also absent, it says, is any evidence of a coherent Cosatu campaign in formulating union demands, such as its "living wage" campaign of a few years ago. This is seen as confirmation of Cosatu's absence in devising or co-ordinating a coherent national wage negotiation campaign.

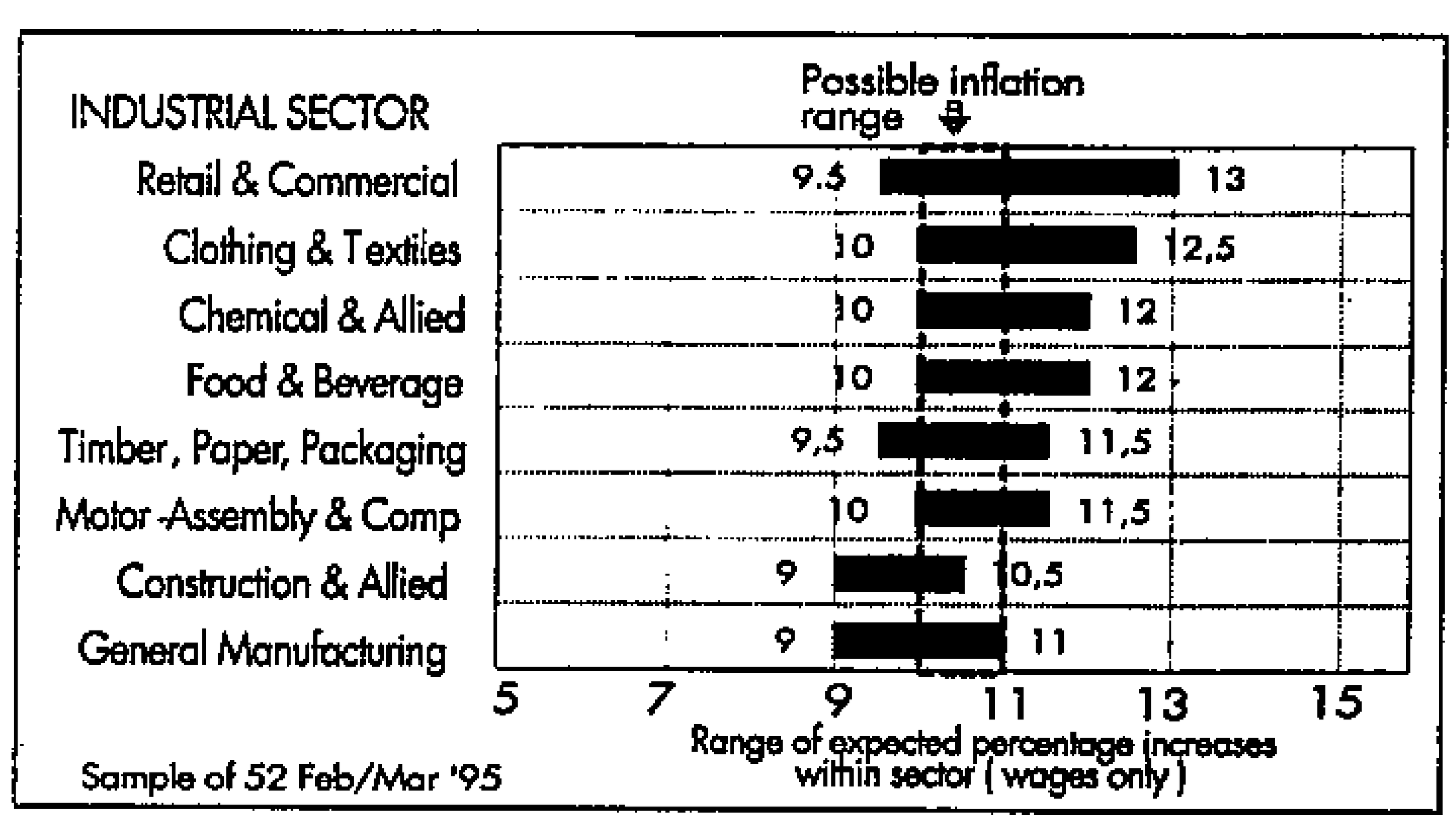
Organised labour is seen as struggling under a variety of erosive influences, the survey says.

The defection of large numbers of prominent unionists to national and regional political positions has emaciated union leadership structures, and the problem will be aggravated by the pending local government elections.

"Large numbers of key shop stewards and local union officials have always played a key role in civic and community structures, and are almost certain to leave private sector employment for positions in local government," the survey notes. This could, it believes, aggravate the current wage talks.

Constant changes in union officials within companies — resulting in younger, inexperienced and comparatively less influential officials — leave union members increasingly less receptive to union guidance or instruction, it says.

Estimated Wage Settlements 1995 (Expectations of Employers)



HELD HOSTAGE: Mr K C Mama

60 iKapa staff held hostage over backpay

(355)

STAFF REPORTER

CT 7/4/95

ABOUT 60 iKapa town council administration staff were taken hostage last night in Guguletu by hundreds of labourers who are demanding a R2,4 million backpay increase for 860 workers dating back to a 13 month period five years ago.

While the largely phlegmatic administration staff mostly confined themselves to offices, the workers sang and toyi-toyied and insisted staff were not being held hostage but rather participating in a "sit -in".

iKapa mayor Mr K C Mama, one of the hostages, said he sympathised with the workers who had "legitimate reasons but I'm just not sure they're going about it the right way".

iKapa's acting treasurer, Mr Hannes Smit, said the workers had been graded according to Industrial Council scales and received backpay dated to August 1990.

However, the CPA refused the demands that their backpay include a 13 month period before the August date, insisting that they were being paid the same as those in all other town councils.

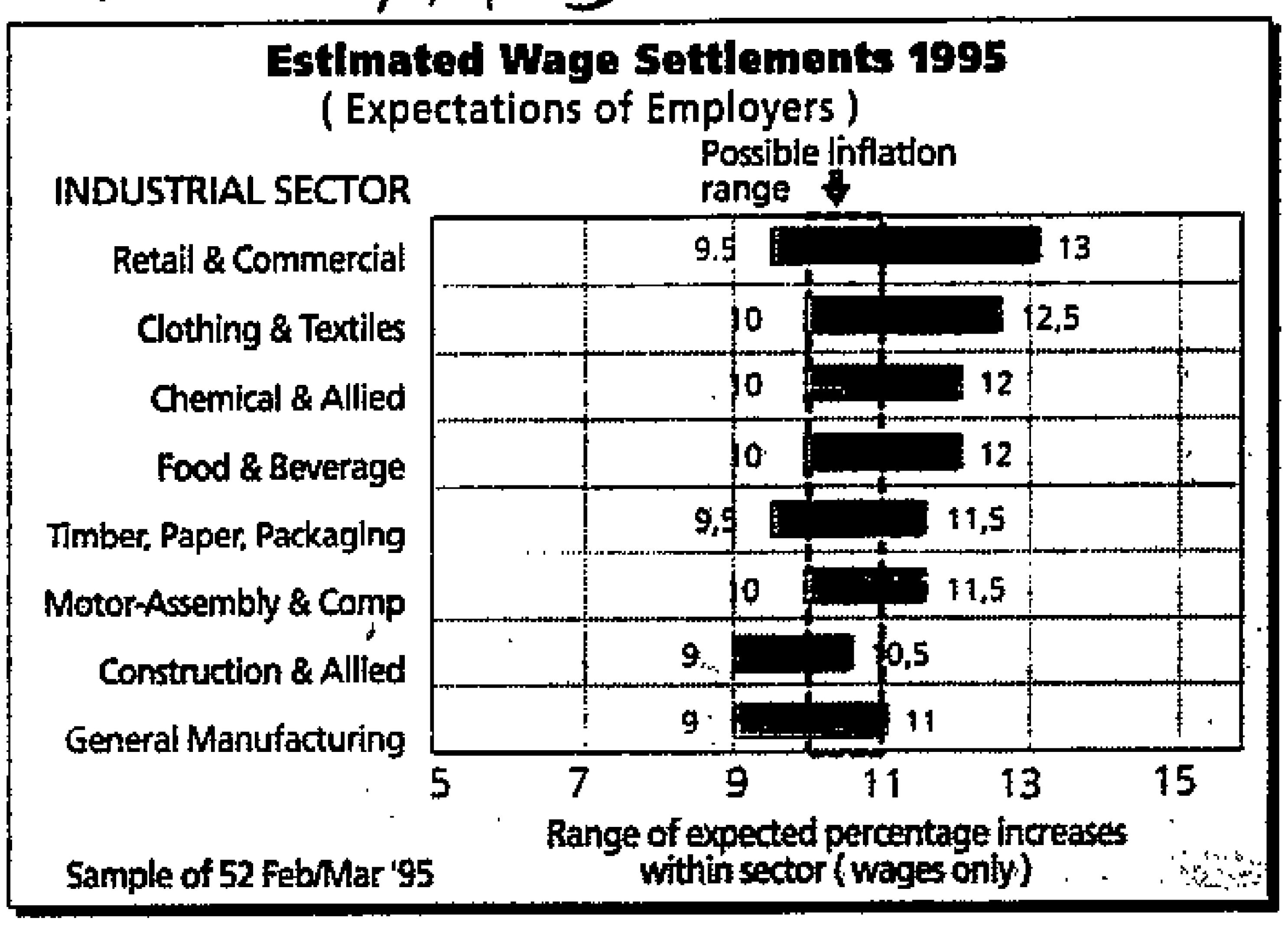
One administration official said of the workers' actions: "We can ph[illegible] b[illegible] we can't get out. [illegible] friendly and we're not in any danger but we've had a hard day and we want to go home."

Trade unions are losing experienced leaders to politics

'Explosive' year for wage negotiations

(355) Star 7/4/95

BY CLAIRE GEBHARDT
ECONOMICS EDITOR



The 1995 "season" of wage bargaining is likely to be characterised by the same conditions which promoted largely spontaneous and undisciplined strike action between April and July last year, warn industrial relations consultants Gavin Brown & Associates.

Their latest Collective Bargaining Survey also forecasts:

- Wage increases above the inflation rate — probably averaging 11,5%.
- High levels of industrial action, probably highest in the public sector.
- Strike action characterised by rank and file tactics with union leadership hard-pressed to exercise influence.
- Further erosion of trade union resources and capacity as a result of the local government election process.

The Survey also notes that the New labour Relations Bill has rendered the current Labour Relations Act "something of a lame duck" just as the current annual wage round commences.

Statutory institutions such as the Industrial Court are ceasing to function effectively as officers and staff quit in anticipation of their imminent demise.

Pending labour litigation has been rendered academic where the issues in dispute are either differently or more clearly addressed in the draft Bill, the survey found.

Uncertainty over the final content of the Bill was promoting an institutional vacuum across a range of major labour relations questions.

The Survey warns that major structural adjustments are pending in the collective bargaining environment.

"The next two-to-four months will reveal whether or not this can occur without crippling and divisive confrontations that will retard the pace of economic recovery and RDP delivery.'

Union demands reveal a clear return to long "shopping lists" — clear evidence of the primacy of the rank and file in formulating wage demands.

"Strong and experienced union officials had, over the last few years, largely dissuaded members from this approach because of the delays and confusion attendant on having to deal with large numbers of individual cost and procedural items in a single negotiation."

Also absent is any evidence of a coherent Cosatu campaign in demand proposals such as "The Living Wage" etc.

This is seen as confirmation of Cosatu's absence in devising or co-ordinating a coherent national wage negotiation campaign.

Organised labour is seen as struggling under a variety of erosive influences.

The defection of large numbers of prominent unionists to national and regional political positions has emaciated union leadership structures and the problem will be aggravated by the pending local government elections.

"Large numbers of key shop stewards and local union officials have always played a key role in civic and community structures and are almost certain to leave private sector employment for positions in local government.

"This could aggravate the current wage round.

"Constant changes in union officials within companies resulting in younger, inexperienced and comparatively less influential officials leaves union members increasingly less receptive to union guidance or instruction," it says.

"The result is a potentially explosive industrial relations mix in many sectors during the year ahead.'

Wages expected to beat inflation

BD 7/4/95 (335)

ERICA JANKOWITZ

WAGE increases this year were likely to average between 11,5% and 12% and again top inflation, reversing a trend in the early 1990s when below-inflation pay rises were negotiated, industrial relations consultant Gavin Brown said yesterday.

In his latest Collective Bargaining Survey, Brown said only a handful of significant settlements had been negotiated so far this year and all had been settled above 11%. Last year increases averaged 10,2%.

Management consultants FSA-Contact's Kris Crawford concurred, forecasting increases for the year ended February 1996 to be between one and two percentage points higher than those paid in the year under review. "For the first time in several years, salary increases in 1994/95 equalled or topped the inflation rate for most staff categories."

Middle management, specialist staff and artisans were the exceptions, with the highest average increases granted to lower-skilled categories.

Higher settlement levels reflected improved business confidence and profitability as well as a recognition by companies that training new staff members was more expensive than retaining existing personnel by paying higher salaries, Crawford said.

Brown said early indications were that unions had reverted to presenting long "shopping lists" of demands concerning such issues as parental rights, affirmative action, leave pay and retirement benefits.

This reflected the growing gap between Cosatu and its membership, the defection of seasoned negotiators and Cosatu's failure to devise a coherent wage campaign.

Brown believed high levels of industrial action would again characterise the wage round this year, especially in the public service sector where the growing rift between alliance partners — the ANC and Cosatu — would come to a head.

Government's provision of a 5% average overall increase in public service incomes indicated "an acceptance of the inevitability of a major showdown with labour in the near future and some confidence in the outcome", Brown said.

Organised labour, on the other hand, had not reflected a similar understanding of the clash, but was frequently seen as an obstacle to policy implementation, budget overruns and service delivery failures.

Mint workers down tools for more pay

Weekend Argus Correspondent

PRETORIA. — Money-making at the South African Mint has come to a halt because workers claim they don't have enough money. (162)

Workers at the Mint in Verwoerdburg yesterday downed tools after accusing management of failing to meet promises it apparently made over salaries. (260) (355)

Spokesman Wilson Matlou said management had previously promised workers their salaries would be adjusted at the beginning of this month.

Mr Matlou said it was agreed that all employees earning more than 20 percent less than the average salary in the market would be rectified so no-one would earn less than 20 percent below the market average. ARG 8/4/95

Management also agreed it would recommend a further adjustment be made on April 1, he said, but the agreements had not yet been met.

Salary rise trend 'to continue'

JOHANNESBURG. — A general trend in salary increases last year is expected to continue this year, says Johannesburg-based company FSA-Contact.

The company released its findings on a general staff salary survey involving more than 400 companies. ARG 8/4/95

Remuneration surveys division head Kris Crawford said in a statement that the predicted increase for this year, ending February 1996, would be almost five percent higher than last year.

Last year saw the first signs in five years of a reverse in a trend of declining increases.

"Even more significant is the substantial difference between predictions of salary increases a year ago and current forecasts. This is a clear reflection of improved business confidence and the ability of companies to pay more," she said.

According to the survey, local companies wanted to bring their salaries in line with general market trends. — Sapa. (~~128~~) (355)

Numsa wants 'apartheid pay gap' closed this year

(355)

RENEE GRAWITZKY

THE National Union of Metalworkers of SA's (Numsa's) central demand in all negotiations this year is the persual of a wage policy encompassing the eradiction of the apartheid wage gap. BD 12/4/95

The re-negotiation of the industrial council main agreement in the metal industry, covering an estimated 275 000, kicks off on April 18 and 19. The Steel and Engineering Industries' Federation of SA (Seifsa), the employer organisation representing an estimated 9 000 companies, received demands from 13 unions.

Unions such as the Mineworkers' Union, Yster en Staal and the Confederation of Metal and Building Unions tabled a 15% wage demand to 25% tabled by the Nactu-aligned Steel, Engineering and Allied Workers' Union.

Numsa and the Chemical Workers' Industrial Union are demanding a 15% increase on actuals plus a 5% improvement factor for the lowest paid workers to close the wage gap. Numsa is also demanding a 10% wage differential between grades.

Improvements in allowances; increased leave; affirmative action; and the extension of the agreement to former homelands are some of the other demands.

Seifsa tabled a number of counter-demands including more flexible conditions of employment.

Meanwhile, negotiations between Numsa and the auto manufacturers are scheduled to commence on April 24 in Johannesburg.

Final agreement around a wage policy forms Numsa's core demand with employers. A study group comprised of employers and the union is meeting to investigate a workable wage policy for the industry.

Cities see pay marches

BD 13/4/95

ERICA JANKOWITZ

THE Post and Telecommunications Workers' Association staged marches in several cities yesterday to demand a 15% wage increase from the SA Post Office and Telkom and a minimum wage of R1 500 a month. (355)

Major centres — including Johannesburg, Durban and Cape Town — were targeted, said Potwa spokesman Shakes Gonyane.

Wage talks had not yet deadlocked, however, and would continue next week after Potwa officials had obtained a fresh mandate from membership. "We're trying to avoid strikes," Gonyane said.

Post Office and Telkom spokesmen confirmed the marches, but said services were not disrupted.

Goyane said Post Office management had offered the union 9,5-13,6% increases and Telkom had offered a 9,5-17,2% range.

The union had threatened "unprecedented mass action" should the companies pursue privatisation without consulting them.

It demanded also that they "base their operations on the RDP", he said.

Post Office postal business GM Willie Joubert said more than R190m of this year's postal budget had been set aside to expand postal services to deprived communities.

Threatened industrial action would have an adverse effect on this goal and might disrupt postal services, Joubert said.

In addition, four of the five trade union parties belonging to the national negotiating council had accepted the wage offer, with only Potwa apparently displeased with the final Post Office offer.

NEW PAY PROPOSALS FOR 1,2 MILLION PUBLIC SERVANTS

Govt, unions in crucial wage talks as strikes threaten

(355)

CT 17/4/95

JOHANNESBURG: A government task team begins talks with public service representatives tomorrow as industrial action is threatened by civil servants, post office workers, teachers, magistrates and health workers. **A SPECIAL CORRESPONDENT** reports.

THE South African public service, already hit by industrial action in key areas like the police services, enters another crunch week as pivotal wage negotiations between worker representatives and the state begin tomorrow to consider new wage proposals for the 1,2 million civil servants.

Several public sector unions have threatened industrial action in the next few weeks if current salary negotiations do not meet their expectations.

Negotiations in the Public Service Bargaining Council's central chamber to consider a wage and salary improvement proposal by a task team set up by deputy presidents F W de Klerk and Thabo Mbeki to avert threatened strikes in December will begin tomorrow and are scheduled to end on Friday.

Union sources said at the weekend that the task team, made up of representatives of Public Service Minister Dr Zola Skweyiya, the Public Service Commission and unions, had hammered out a plan to introduce a R1 100 a month minimum wage which they would present to the chamber tomorrow.

The task team's proposal is only R25 above the government's initial R1 075 offer, which the unions rejected.

The negotiations begin after post office workers represented by six unions began protests last week that are set to last until their demands are met.

The protests in the post office are the first in which all six traditionally opposed, racially divided unions organising in the sector have embarked on industrial action at the same time.

The unions are demanding a 17,5% across-the-board increase whereas Telkom is offering 9,5%.

Delays in postal deliveries may occur during this week because of protest action by unions, senior general manager of the SA Post Office Mr Willie Joubert said last week.

The SA Democratic Teachers' Union said last week it would unveil plans this week of protests to press home demands for an 18,4% pay increase. The government has offered teachers a 1,4% rise.

Magistrates in the Western Cape have warned of wildcat strikes if their salary demands are not met.

The Association of Law Societies has warned that "unless the crisis ... on the salaries and job conditions of magistrates is resolved ... magistrates' rolls will become more congested".

South African Health and Public Service Workers' Union spokesman Mr Themba Ncalo said the union would not accept the R1 100 minimum wage proposal put forward by the task team and his union would stick to its R1 350 minimum wage demand.

"The government has offered policemen R90m for improvement of salaries. What is good for them is good for us and we also except the same kind of gesture from the government," he said.

Public Servants' Association deputy general manager Mr Anton Louwrens said there were high expectations among civil servants that "something will come up" in the talks this week.

National Health and Allied Workers' Union's assistant general-secretary Mr Fikile Majola said the union would still stick to its R1 200 a month minimum wage demand, but said this was "negotiable" — if linked with other benefits.

Negotiations begin to decide on increases for 1,2-m public servants

(335)

Sowetan 17/4/93

Vital week for pay talks

BY JUSTICE MALALA
LABOUR REPORTER

The South African public service, already hit by industrial action in key areas such as the police service, enters another crunch week with wage negotiations between worker representatives and the State beginning tomorrow.

Several public sector unions have threatened industrial action in the next few weeks if salary negotiations do not meet their expectations.

About 1,2-million people are employed in the public service.

Negotiations in the Public Service Bargaining Council's central chamber, to consider a wage and salary improvement proposal by a task team set up in December by deputy presidents FW de Klerk and Thabo Mbeki to avert threatened strikes, begin tomorrow.

Union sources said at the weekend that the task team, made up of representatives of Public Service Minister Zola Skweyiya, the Public Service Commission and unions, had hammered out a plan to introduce a R1 100-a-month minimum wage which they would present to the chamber.

The task team's proposal is only R25 above the Government's initial R1 075 offer, which the unions rejected.

In its meetings last week the task team also finalised proposals on the introduction of night-shift allowances for public servants and removing gender inequalities in the service, union representatives on the team said.

Last week, Post Office workers represented by six unions began protest action. It is the first in which all six traditionally opposed, racially divided unions in the sector have embarked on industrial action at the same time.

SPECIAL task team to present proposal in bid to avert threatened strike action

The unions are demanding a 17,5% across-the-board increase while Telkom is offering 9,5%.

South African Post Office senior general manager Willie Joubert said last week the action could result in delays in postal deliveries.

The SA Democratic Teachers' Union said last week it would unveil protest plans this week to press home demands for an 18,4% pay increase. The Government has offered teachers a 1,4% increase.

South African Health and Public Service Workers' Union spokesman Themba Ncalo said the union would not accept the R1 100 minimum wage proposal put forward by the task team, and his union would stick to its R1 350 minimum wage demand.

"The Government has offered policemen R90-million for improvement of salaries. What is good for them is good for us and we also want the same kind of gesture from the Government," he said.

Public Servants Association deputy general manager Anton Louwrens said there were high expectations among civil servants that "something will come up" in the talks this week.

He said that after the present negotiations, only the Government's response to workers' demands would determine what the 106 000-member PSA would do next.

National Health and Allied Workers' Union assistant general secretary Fikile Majola said the union would stick to its R1 200-a-month minimum wage demand, but that this was negotiable.

"Our proposal is negotiable provided it is linked with a comprehensive improvement plan for our members. If a night-shift allowance, gender disparities and other issues are resolved, we are quite optimistic that the negotiations will be successful."

Metalworkers' wage talks start in earnest

(358) Star 19/4/95

■ LABOUR REPORTER

First-round annual wage and employment-condition talks between representatives of 275 000 workers and employers in the metal industry swung into action in Johannesburg yesterday.

Representatives of more than 9 000 companies and the 13 registered unions in the industry will focus on union demands for a 15% wage increase and a reduction in the wage gap between artisans and labourers.

Current talks are to end today, and two more negotiating rounds will follow in the next two months.

Employers' associations under the Steel and Engineering Industries Federation of SA (Seifsa) have formulated three main proposals to be put to the negotiating forum.

The proposals cover the elimination of unnecessary industrial council notification requirements by employers, the elimination of obsolete provisions from the industry's main agreement, and the introduction of more flexible conditions of employment.

The industry's 13 trade unions are proposing salary increases ranging from 15% to 25%, Seifsa has said.

It said other union demands included a 5% wage improvement for lowest-paid employees to close the wage gap between artisans and labourers, the introduction of a stand-by allowance, and the extension of the main agreement to cover former homelands and TBVC states.

The unions also demanded a reduction in hours of work without loss of pay, increased paid leave entitlement, payment by employers of 1% of their wage bill to the Reconstruction and Development Programme, and guaranteed paid training time for employees.

Metal unions reject Seifsa wage offer

ERICA JANKOWITZ

THE Steel and Engineering Industries' Federation of SA (Seifsa) tabled a 7,5% wage increase offer in response to demands for increases ranging from 15% to 33% from its 13 recognised trade unions, the employers' body said yesterday.

"No increase was proposed on scheduled (or minimum) wage rates, in an effort to stimulate further employment opportunities," Seifsa said.

During negotiations on Tuesday and yesterday, there was no movement on the opening offer although it was rejected by all 13 unions, union sources said.

Seifsa also offered to increase subsistence allowances 7,5% and to reduce current maternity leave and benefits qualification periods.

BD 20/4/95

National Union of Metalworkers of SA (Numsa) general secretary Enoch Godongwana said his union was not interested in isolating the wage component of negotiations from other issues under discussion.

Numsa wanted employers to table a package of wage increases, revised job grading, productivity and training. As this had not materialised, Numsa would not comment on the current wage offer, Godongwana said.

(355)

Union sources said little ground was covered during the negotiations as employers seemed "unprepared".

Seifsa said some wage demands were dropped by unions.

Negotiations continue on May 15 and 16.

30 hostages held in Khayelitsha

~~350~~ 355

CT 20/4/95

'THIS IS BARBARISM,' said one of 30 people taken hostage in Khayelitsha yesterday, our **STAFF REPORTER** writes.

A 12-HOUR hostage drama at Lingelethu West Town Council in Khayelitsha ended last night when 30 administration staff, councillors and management members were released after lengthy negotiations with workers demanding salary parity with their counterparts at the iKapa Town Council.

About 50 vehicles, including bulldozers and refuse trucks, had surrounded the premises as about 500 workers toyi-toyied around the administration blocks, and staff held captive said they were "getting very angry" as they were without food and water.

The stand-off ended when it was agreed the wage demands would be discussed at a meeting of the full council tomorrow.

"This is barbarism," said one hostage. "What have we got to do with wage demands? President Mandela himself said that hostage-taking was unacceptable. We feel like calling in the police ourselves to sort this out."

The man said that protesters had nearly broken down a door, frightening a trapped receptionist, and police only made a brief appearance when members of the Internal Stability Unit arrived but left shortly afterwards.

However, Mr William Bula, one of the "Big 5" elected to represent and negotiate on behalf of the workers, defended the hostage-taking. He said that for three years workers had been demanding the same salary as iKapa workers without success "but through this action we get results".

He said an iKapa labourer earned R1 266 as opposed to the R932 of a Lingelethu West labourer and an iKapa driver earned R2 600 compared with the R1 800 of a Lingelethu West driver.

The workers were also demanding that the salary adjustment be backdated to 1991.

Council meets over hostage drama and wage demands

(355) ARG 20/4/95

THABO MABASO
Staff Reporter

LINGELETHU West Town Council's transitional local council is to meet tomorrow to discuss yesterday's hostage drama and the demands of its disgruntled workforce.

The decision was taken after lengthy negotiations between workers' representatives and the Lingelethu executive committee.

The workers, members of the South African Municipal Workers Union (Samwu), held councillors and staff hostage at the Lingelethu offices yesterday and threatened to hold them until their demands were met. The hostage drama lasted for more than 12 hours.

Among the workers' demands were wage parity between themselves and their Ikapa Town Council counterparts, who they claimed were paid more for equivalent jobs. They were also dissatisfied with some white officials who they alleged had been employed without proper qualifications.

The workers have returned to their duties, but their actions have prompted another crisis for Lingelethu from whites who have refused to work in Khayelitsha until their safety has been guaranteed.

The South African Association of Municipal Employees, which represents the white staff, said its members had reported for duty at Lingelethu's Bellville offices today.

Union spokesman Frik van Straten said members would not work in Khayelitsha until they were guaranteed safe working conditions by their employers.

Two weeks ago Ikapa workers held councillors hostage in the Ikapa offices. The Ikapa workers had been demanding back pay. Ikapa mayor Konzile Mama was among the hostages held for more than 12 hours.

The PAC has backed the workers' demands. Anda Ntsodo, a PAC regional executive member and deputy chairman of the Lingelethu executive committee, said the workers' wages were "disgusting" and that they deserved an increase.

New probe into MPs' pay

Star 22/4/95

(355)

OWN CORRESPONDENT

CAPE TOWN — The Government has announced a new investigation into the political gravy train after outrage over high pay for politicians.

University of Cape Town deputy principal Mamphela Ramphele and the city's Anglican Dean, Colin Jones, are among the seven commissioners who will probe the pay of public representatives.

President Nelson Mandela has appointed the Commission on the Remuneration of Representatives as a follow-up to a proposal from the Melamet Commission that produced controversial transitional pay scales.

New wage offer: State to 'borrow' from pensions

ST 23/4/95 (355)

By RAY HARTLEY
Parliamentary Correspondent

PUBLIC servants will get a bigger wage increase this year — but taxpayers will have to foot the bill for years to come.

A new offer from government could lead to a breakthrough after months of acrimonious wage talks during which unions threatened a crippling public service strike.

According to the proposal tabled in Cape Town at the Public Service Bargaining Council this week, the government will improve its wage offer by "borrowing" up to R1,1-billion from state pension funds.

Public Service and Administration official John Ernstzen said yesterday that by slashing this year's state contribution to pension funds by between R840-million and R1,1-billion, government would be able to increase its minimum wage by R300 to R13 200 a year.

Trade unions have been demanding a R15 000 minimum wage.

Mr Ernstzen said the cut in state contributions would be repaid over a number of years. "It is currently a diversion of funds, but it will be made up for in time," he said.

The reduction in pension contributions would "not impact on any benefits which civil servants currently enjoy. There is no threat whatsoever", he said.

Government has in the past said it can only increase salaries using the R2,5-billion allocated for the improvement of conditions of service in the budget, but the pension contribution cut would boost the amount available for increases to up to R3,6-billion.

The offer could put an end to months of often acrimonious exchanges between government and 18 public service unions, some of which have already obtained support for strike action should their demands not be met.

Civil servants earning more than R46 545 a year, who were offered no increase in the last offer, will be eligible for a five percent increase along with all civil servants earning more than R24 630.

Mr Ernstzen said state and employee contributions to the funds amounted to an annual R8-billion.

Other ways in which an increase could be funded that were discussed this week were the "scaling down" of the public service and the restructuring of pension funds "to enhance the return on investment".

The money would be added to the R2,5-billion allocated for the improvement of conditions of public servants in the budget.

The latest wage offer would be supplemented by agreement on:

- Overtime remuneration and night duty allowances;
- The participation of married women and single employees without dependents in the Home Owner Allowance Scheme;
- A "structural adjustment" of the "general service assistant" categories of employees.

The bargaining council is set to meet again in May to "finalise the matter".

Inkatha stands firm

By CYRIL MADLALA

THE Inkatha Freedom Party has re-affirmed its decision to suspend participation in the Constitutional Assembly until international mediation takes place.

The organisation said on Friday it would, however, explore the proposal by Deputy President F W de Klerk that a new task group be established to implement the agreement that was hammered out to bring the IFP into the election last year.

It recommended that Professor W A J Okumu, the architect of the 1994 agreement, be asked to assist the task group.

Pay now, worry later: Government does U-turn on public sector salaries

(355)

CT 24/4/95

SPOTLIGHT

BY HOWARD PREECE

It seems the state has plans to use R840m allocated for pensions to fund pay hikes

The government's plans for an extremely tight clamp on public sector pay in fiscal 1995-96 appear to have been scuppered.

It now seems certain that a further R840 million will be found for wage hikes on top of the R2,5 billion provided for in the Budget for general improvements in conditions of service.

However, the Budget deficit — the difference between spending and revenue in the state's accounts, which has to be made up by more borrowings — will technically not increase.

This is because the extra money for public sector pay will be found by transferring funds intended to strengthen various government and quasi-government pension funds into bigger pay packets for hundreds of thousands of civil servants. Also, the government insists, even after the upward revision, the actual increase in public sector pay can still be regarded as a reasonable reflection of total fiscal discipline.

That case can be made.

Immediately after the Budget, I drew attention in this column to the exceptionally severe provisions that had then been made for the public sector. It was clear that this was bound to lead to massive and widespread clashes between the government and public service trade unions.

The state insists the increase can still be seen as a reflection of fiscal discipline

So it has proved. The government today is clearly intent on trying to defuse the situation while seeking to find ways that leave intact the integrity of the already precarious Budget arithmetic.

Precisely because of economists' concerns that the proposed Budget deficit — R29,1 billion or 5,8 percent of estimated gross domestic product — is too high anyway, the provision of additional funds for public service remuneration is sure to add to anxieties about fiscal policy. These anxieties will not easily be allayed by accounting technicalities. No final decision on these matters has been taken. But it will be a remarkable surprise if the provision for rises in public sector remuneration does not go up by a minimum of R840 million over and above what was announced by Chris Liebenberg, the minister of finance, in his March Budget.

This all flows from a meeting in Cape Town last week of the Chamber of Public Service Bargaining Council "pertaining to possible improvements in conditions of service of public servants". The chamber is effectively a negotiating forum for representatives of the state (the employer) and most employee organisations.

A statement issued over the week-end by the ministry for public service said that at the meeting the chamber "discussed various options for effecting improvements in the following conditions of service of public servants on the basis of a report by the main task team".

The options involved were:

☐ Overtime pay;

☐ Participation of married women and single employees without dependents in the home owner allowance scheme;

☐ Night duty allowance;

☐ Structural adjustments for the 12 "general services assistant" occupational classes;

☐ Adjustment of the minimum salary notch to R13 200 a year and "scaling down to 5 percent from the notch level of R24 630 a year upwards".

The statement goes on: "Pertaining to funding it was, inter alia, indicated by the state that the said improvements could, besides the R2,5 billion already allocated for this purpose on the Budget be funded by:

☐ Reducing the state's contribution to the relevant pension funds by R840 million for 1995-96 only and by re-allocating these funds for such improvements;

☐ Scaling down of the public service;

☐ Restructuring the pension funds to enhance return on investment.

All this, it was said, was to ensure that the end result of the draft revised public service pay package would "not exceed the budgetary limits as presented to parliament by the minister of finance".

The latter point was emphatically repeated in the statement, which noted: "The possible improvements will have a cost implication of R3 340 million (R2 500 million plus R840 million) for the current financial year, if effected from July 1, 1995, but will, as already indicated, not involve exceeding the Budget as presented to parliament."

As I say, nothing has been settled. The statement concluded:

"After deliberating the issues at stake extensively it was decided to do certain cost calculations and present further possible options to the chamber, taking into account the above aspects as well as the views expressed by the various representatives in the chamber.

"In the meantime the representatives will be taking the matter back to their principals and constituencies to obtain the necessary clarifications and mandates."

It advised: "A further meeting of the chamber will take place in the second week in May in an effort to finalise the matter."

Well, now, there are a great many implications that need urgent consideration in all this.

☐ There was never a realistic chance that the severe clamp on public sector pay overall as reflected in the Budget speech — and especially in the accompanying Budget review — could be carried out;

☐ Although no formal agreement has yet been reached, it will be astonishing if there is not an upward revision of roughly R840 million in the public sector pay bill.

The political pressures will not get any easier next year

☐ The principle of taking away money from the purpose of making government pension funds more sound actuarially and using it to pay higher wages is disturbing;

Consider a parallel with a bank which decides it has over-provided for bad debts and can effectively write back additional amounts into its reported profits or an industrial company which does much the same by declaring that it has been over-providing for depreciation.

These developments can legitimately happen. But if dividends are suddenly pushed up when analysts are expecting dividend cuts, many pointed questions will be asked about the real financial prudence of such action. Similar tough questioning of government must now take place.

☐ There seems an ominous indication in what is happening of "pay now, worry later". No doubt the government has some fine-sounding and detailed explanations at hand. Good, this is supposedly the era of transparency, let such explanations be put openly and to the fullest test.

☐ The references to "scaling down the public service" and "enhancing the return on public service pension investments" are not new concepts. It is difficult to see how anything can have changed since the Budget of only a few weeks ago.

This suggests that it is the use of funds allocated for strengthening pension funds that will pay for the higher wage bill.

Admittedly these funds are contained in the individual departments' budgets and can be regarded as moneys for the improvement of conditions of service.

Fair enough. In practice, government has to deliver to the hundreds of thousands of lowest paid public servants this year. But it will not find the political pressures any easier next year and no accounting sleight of hand can be pushed through again.

Perhaps, however, the key point came from Ken Andrew, the Democratic Party's chief spokesman on finance, who said that the critical problem was that public sector pay bargaining/fighting took place after the Budget.

What was needed, Andrew insisted, was that this battle should take place before the Budget was drawn up, so that when the Budget figures on public sector pay were presented they were final; not subject to renegotiation backed by strikes and other forms of protest.

That would certainly help fiscal credibility.

Chemical union changes tack

(355)

RENEE GRAWITZKY

CHEMICAL employers have received a set of common wage demands from the Chemical Workers' Industrial Union (CWIU) to be negotiated at a centralised industry forum.

This demand comes after a union congress decision to suspend plant-level wage negotiations in the chemical and related sectors and instead submit common demands for negotiation at central level, in support of its demand for centralised bargaining.

The union has resolved to embark on national action which could culminate in a national strike if employers did not agree to centralised bargaining.

Employers have been requested to take part in joint wage negotiations on May 16.

BD 9/5/95

The union is demanding a minimum wage of R1 600 a month and an across-the-board increase of 20%.

Wage freeze for top officials suggested

(428) ~~(350)~~ (355)

SPECIAL CORRESPONDENT

CT 12/5/95

JOHANNESBURG: Assistant directors and other top civil servants should accept wage freezes so that their poorer-paid counterparts could benefit from salary hikes this year, teachers' unions Sadtu and Nehawu suggested yesterday.

The suggestion is one of several they will put to the government in the Education Labour Relations Council, where they are negotiating for higher salaries.

Nehawu president Mr Vusi Nhlapo said the two unions intended to fight for an "acceptable" minimum wage increase, a reduction of present wage gaps, a graduated increase that will benefit lower- and middle-grade workers, a wage freeze at the top echelons of the public service and the introduction of a simple salary grading system.

Sadtu general-secretary Mr Thulas Nxesi confirmed yesterday that thousands of teachers countrywide would take to the streets today to demand better wages.

Don't blame high labour costs, say businessmen

(30) 13 (355) Star 15/5/95

South Africa cannot blame high labour costs for sluggish economic growth relative to "Asian Tiger" countries, top business representatives said on Friday.

Instead, South Africa needed to wake up to the economic facts of the modern world and learn how to market itself properly, they said.

Addressing delegates at the third annual Southern Africa Economic Summit in Midrand outside Johannesburg, Volkswagen board member Jose Lopez de Arriortua said productivity was a more serious cause for concern than brute labour costs.

"The time is coming that volume will grow and companies that are not productive will suffer and die," he said.

Contrary to popular belief, he said South Africa's labour costs were not the highest in the world — costs were higher in Japan.

However, unlike Japan, South Africa was relatively unproductive.

The vice president of Switzerland-based ABB Asea Brown Boveri (Europe and Africa), Eberhard von Koerber, said other areas that needed attention in South Africa were the availability of capital and local technology.

"Production also requires the necessary investment and availability of technology — in addition to skills. This combination is the recipe for ultimate competitiveness. Without available technology one cannot be competitive." — Sapa.

BD 16/5/95 (369)

Gender research unit

AFRICAN countries' women cabinet ministers and senior educationists have backed the establishment of a gender institute at the University of Cape Town to support women academics and gender policy research in Africa.

"We are going ahead with implementing a pilot year," UCT deputy vice-chancellor Dr Mamphela Ramphele said yesterday.

Paternity benefits have a slow birth

(355) (

EUNICE RIDER

CT 22/5/95

BIG businesses polled on whether they offer paternity leave to their male employees have answered mostly in the negative.

Last week, the ANC caucus resolved that MPs should qualify for maternity and paternity leave.

Old Mutual, Rembrandt, Checkers/Shoprite and the CPA do not offer paternity leave.

BP offers a day's paternity leave and KWV personnel officer Mrs Surina du Toit said they were "looking into" the situation.

Pick 'n Pay human resources and joint managing director Mr Reneé de Wet said the supermarket chain offered fathers of natural or adopted children eight days' paternity leave per child. This was to help their wives over the birth and homecoming period.

He said Pick 'n Pay had been offering paternity leave "for the past five or six years".

Sexwale woos the workers

355
Star 22/5/95

WITHOUT paying barbaric wages, SA must find the way to high growth, says Gauteng premier

■ BY CLAIRE GEBHARDT
ECONOMICS EDITOR

South Africa was "union country and high growth would have to be found without paying barbaric wages", Gauteng premier Tokyo Sexwale said on Friday.

"I don't think we should be pushed into paying barbaric wages in chasing a high growth rate. We have a democracy and this is union country," he said.

Sexwale, speaking at a business breakfast organised by Radio 702, said South Africa would find its own growth path within its own unique circumstances.

On the eve of a visit to China, Singapore, Malaysia and Hong Kong with a business delegation to observe at first hand the east Asian economic miracle, Sexwale said one of the key elements of their economic transformation was the concept of shared growth which would be taken on board.

Partnership

"I am talking about a partnership of government, business, labour and communities working together to substantially grow the economy in a way that ensures that all our people experience tangible improvements in their quality of life."

Sexwale said growth would have to head towards five percent or six percent from this year's three percent target, to address chronic unemployment and gross inequalities.

Unemployment is running at 37% in Gauteng and the monthly household income for whites averaged R6 650 while for Africans the figures was R1 400."

Gauteng would have to address this disparity as a matter of urgency, he said.

Tokyo Sexwale . . . Vigorous non-punitive competition policy needed.

The Malaysian experience of affirmative action was extremely valid and could be a clarion call for post-apartheid South Africa, he said.

Sexwale added the Malaysian New Economic Policy had largely eradicated poverty by raising income levels and increasing employment opportunities for all. It had also eliminated the identification of race with economic function.

The Malaysian affirmative action programme had been acknowledged by the World Bank and most other commentators to be the bedrock of the country's present stability and economic progress.

"Malaysia has grown at an average of nine percent a year for over a decade now."

South Africa would similarly have to affirm those who were forced to vegetate in the overcrowded classrooms of Bantu Education and who were, consciously through legislation, excluded from any meaningful economic opportunities.

There were two ways to grow the economy, he said. One was to increase productivity of both labour and capital, the second to significantly increase productive investment in the economy.

Sexwale said labour productivity had increased by six percent over the past twelve months.

"Safety issues could not be divorced from productivity issues — in the light of the Vaal Reefs tragedy, no profits are worth this loss of human life." Mining companies must get their house in order before any more South Africans were sacrificed, he said.

Sexwale urged business to build the economies of the townships to increase the extent of economic activity throughout the province.

"We have to pay more attention to linkages between established economies and historically excluded areas through initiatives such as the Bara Link and the proposed Vereeniging/Sebokeng Link."

Empowerment zones in socio-economically deprived areas was being discussed in terms of the new Businesses Act, as were the deregulation of the liquor industry and changes to existing land development legislation.

Inadequate inland port facilities at Kaserne had to be developed and training was needed to look beyond the retail and informal sectors to concentrate on building light industries and light manufacturers to take advantage of the international trend towards downsizing of production.

"We also need a vigorous, non-punitive competition policy." Sexwale further called on business to sub-contract and outsource.

Small players

"Give business to the small players because by supporting a small emerging business today you are investing in the stability of the country."

The economic picture was bright — the manufacturing sector had grown at eight percent over the last year, company profits were up by an average of over 30%, foreign trade had increased by 36% and 40% more foreign visitors had been received since the election. As much as 92% of new US investment was in Gauteng.

"We wish to be known as the gateway to the world's most exciting emerging market — the financial centre of the south — the Hong Kong of Southern Africa," he said.

Nehawu rejects wage proposal from govt

(355)

BD 25/5/95

Mduduzi ka Harvey

THE NATIONAL Education, Health and Allied Workers' Union (Nehawu) refused to sign a government wage agreement yesterday, which proposed to give a 22% wage increase to the lower ranks and a 4% increase to the upper echelons.

They said the increases maintained the existing public service wage gap.

Nehawu president Vusi Nhlapho said instead of solving the wage gap, the government proposal wasadvantageous to senior personnel earning above R126 000 an annum, who received a 20% increase in last year's round of negotiations, while those in the lower ranks, earning R900 a month received a 4,7% raise.

The government proposal made last week gives employees earning R900 a month a 22% increase, while those earning R126 000 an annum and above receive a 4% rise.

Nhlapho said the proposal maintained the same wage gap. Without fundamental reorganisation and restructuring of the bargaining chamber, the 10-month negotiations would prove disastrous for service delivery.

The union proposed an agreement to define the collective bargaining unit and this should entail the exclusion of management from it.

Nehawu said restructuring the bargaining council would pave the way for a public service forum to restructure the service.

A minimum wage of R1 100 should be instituted, backdated to April this year. From April 1 next year the minimum wage should be R1 350 and in 1997 it should be R1 500. The union also called for housing subsidy parity between men and women.

Sapa reports that Public Servants' Association general secretary Casper van Rensburg said industrial action was not a legal option for public servants dissatisfied with a 5% pay rise. The offer was enforceable because it was accepted by most employee organisations in the Public Service Bargaining Council.

Wage call 'negotiable'

THE SA Agriculture, Plantation and Allied Workers' Union call for a R750 a month minimum wage for farm workers was open to negotiation, union general secretary Dickson Motha said at a conference in Bothaville yesterday.

The union would reconsider the amount if farmers convinced him they could not afford it.

BD 25/5/95

Unions bow to Govt

(355) Sowetan 25/5/95

By Mzimasi Ngudle

At least 13 of the 19 public sector unions have agreed to the latest Government pay offer, a move likely to avert countrywide industrial unrest in the public service, *Sowetan* learnt yesterday.

The offer adjusts the first five salary notches to the annual minimum wage of R13 200 and envisages a three-year improvement plan that would phase in the monthly minimum wage of R1 500.

While Public Service Commission spokesman Ms Lettitia van Zyl refused to disclose the exact number of unions that signed the agreement, *Sowetan* was reliably informed that only a few opposed the agreement at the Public Service Bargaining Chamber on Tuesday.

They include the South African Health and Public Service Workers Union, the Health Workers Union, the Public Servants Association and the South African Medical Association — an association of medical practitioners.

Also, three other trade unions have agreed that salary increases be funded from the pension fund, but remained steadfast in their demands for guarantees to secure their pension benefits.

The South African Democratic Teachers Union, National Education, Health and Allied Workers Union and Hospital Personnel Trade Union of South Africa have all agreed that employers' contributions to the pension fund be used to increase their wages.

However, the unions insisted that the move should not have adverse effects on their pensions.

Sadtu media officer Kate Skinner said the union has demanded written guarantees that teachers' pensions would not be eroded.

Released after talks

Skinner said the union has since revised its initial demand of an 18,4 percent increase but still rejected the Government's 5 percent offer.

Instead, the union has tabled new proposals, the details of which, she said, would be released after talks at the Education Labour Relations Council on May 31. Broadly, Skinner said the union wanted increases to be implemented on a sliding scale, with lower and middle income earners getting more while high income earners get less.

Skinner said Sadtu demanded a wage freeze at the top end of the salary scale, a complete restructuring of the public service and the pension fund.

Hospersa secretary Mr Nic Kruger said his union agreed to the settlement on condition that it was a once-off exercise which would not affect teachers' pensions negatively. Hospersa has also demanded a guarantee that the pension money be made good in three years.

Hospersa and the Nehawu have also agreed to the annual minimum wage of R13 200 backdated to April 1.

Nehawu assistant general secretary Mr Fikile Majola said the union wanted a guarantee that pension benefits would not be affected.

"We agreed that the pension fund can be used to increase wages as long as it does not affect the benefits under the pension," he said.

Meanwhile the National Professional Teachers Organisation of South Africa has rejected both the 5 percent offer and disbursement of pension funds.

"We have put an alternative proposal and we will meet on May 31," Naptosa spokesman Mr Andrew Piper said.

355

Wage call 'negotiable'

THE SA Agriculture, Plantation and Allied Workers' Union call for a R750 a month minimum wage for farm workers was open to negotiation, union general secretary Dickson Motha said at a conference in Bothaville yesterday.

The union would reconsider the amount if farmers convinced him they could not afford it.

BD 25/5/95

Unions accept government's new wage offer

ARGT 26/5/95 (355) (~~250~~)

The Argus Correspondent

JOHANNESBURG. — At least 13 of the 19 public sector unions have agreed to the latest government pay offer, a move likely to avert country-wide industrial unrest in the public service.

The offer adjusts the first five salary notches to the annual minimum wage of R13 200 and envisages a three-year improvement plan that would phase in a monthly minimum wage of R1 500.

While Public Service Commission spokesman Lettitia van Zyl refused to disclose the exact number of unions that signed the agreement, a reliable source said that only a few opposed the agreement at the Public Service Bargaining Chamber this week.

They include the South African Health and Public Service Workers Union, the Health Workers Union, the Public Servants Association and the SA Medical Association.

Three other unions have agreed that salary increases be funded from the pension fund, but remained steadfast in their demands for guarantees to secure their pension benefits.

The South African Democratic Teachers Union (Sadtu), National Education, Health and Allied Workers Union (Nehawu) and the Hospital Personnel Trade Union of South Africa (Hospersa) have all agreed that employers' contributions to the pension fund be used to increase their wages.

However, the unions insisted that the move should not have adverse effects on their pensions.

Sadtu media officer Kate Skinner said the union had demanded written guarantees that teachers' pensions would not be eroded.

Ms Skinner said the union had revised its initial demand of an 18,4 percent increase but still rejected the government's five percent offer.

Instead, the union had tabled new proposals, the details of which she said would be released after talks at the Education Labour Relations Council on May 31.

She said the union wanted increases to be implemented on a sliding scale, with lower and middle income earners getting more and high income earners less.

Ms Skinner said Sadtu demanded a wage freeze at the top end of the salary scale, a complete restructuring of the public service and the pension fund.

Hospersa secretary Nic Kruger said his union agreed to the settlement on condition that it was a once-off exercise which would not affect teachers' pensions negatively. Hospersa has also demanded a guarantee that the pension money be made good in three years.

Hospersa and Nehawu have also agreed to the annual minimum wage of R13 200 being backdated to April 1.

Nehawu assistant general secretary Fikile Majola said the union wanted a guarantee that pension benefits would not be affected.

"We agreed that the pension fund can be used to increase wages as long as it does not affect the benefits under the pension," he said.

Meanwhile, the National Professional Teachers Organisation of South Africa has rejected both the five percent offer and disbursement of pension funds.

"We have put an alternative proposal and are to meet on May 31," Naptosa spokesman Mr Andrew Piper said.

Star 26/5/95

Legal civil service action out after deal

PRETORIA CORRESPONDENT

Legal industrial action by public service staff has been ruled out after at least 13 of the 19 public sector unions agreed to the latest Government pay offer.

The signatories represent most of the 350 000 union members and any protest at this stage would be illegal.

The offer adjusts the first five salary notches to the annual minimum wage of R13 200 and envisages a 3-year improvement plan that would phase in the monthly minimum wage of R1 500.

Among those which did not agree to the wage proposals were the SA Health and Public Service Workers' Union, the Health Workers' Union, the Public Servants' Association and the SA Medical Association.

The SA Democratic Teachers' Union, the National Education, Health and Allied Workers' Union and the Hospital Personnel Trade Union of SA agreed that salary increases be funded from the pension fund, but insisted on guarantees that pensions would not be eroded.

entailed orientating the civil service to for public comment in August.

Star 27/5/95

Nehawu unhappy at slow narrowing of wage gap

(355)

ESTHER WAUGH
POLITICAL CORRESPONDENT

Cape Town — The National Education, Health and Allied Workers' Union (Nehawu) executive committee will decide this week whether to ballot its members in the public service for a strike.

And the Cosatu-affiliated union has given a clear indication that it intends to keep the Government of National Unity to its commitment to narrow the wage gap in the public sector.

The Cabinet last year announced a six-point belt-tightening strategy, including narrowing the wage gap, which saw President Nelson Mandela, ministers and deputy ministers taking salary cuts.

Nehawu, the Public Service Association and the Medical Association of South Africa (Masa) have not signed an agreement reached this week in the central chamber of the public service bargaining council. The agreement, signed with the other 16 public sector unions, included:

- Increasing the five lowest salary scales to R13 200 per year, effective from April 1 this year.
- Those earning between R24 630 and R107 019 will, from July 1, receive a 5% increase, those earning between R107 019 and R126 411 will receive 4%increases.
- Chief directors, deputy directors-general and directors-general will not receive increases.
- Urgent attention will be given to housing subsidies for married women and single civil servants.

Nehawu president Vusi Nhlapho said yesterday his union had rejected the Government's wage offer. Attempts to narrow the wage gap should begin this year and be phased in over a three-year period.

Cosatu's Neil Coleman said South Africa's public sector wage gap of 25:1 was one of the highest in the world. The R266 000 salary, excluding perks, of directors-general should be "sharply cut" in line with the salary cuts taken last year by the Cabinet.

Feeling of mistrust

Public Service and Administration Minister Zola Skweyiya told Saturday Star: "There is a general feeling of mistrust about the Government's commitment to narrowing the wage gap, but I can give the assurance that the general policy of the Government is to narrow the gap."

Skweyiya said white collar workers such as doctors, state attorneys and state advocates were leaving the civil service and it was therefore necessary to increase their salaries.

'Last-ditch' talks on textile wages

ARG 30/5/95

355 ~~187~~ ~~154~~

Labour Reporter

WAGE negotiations described as "last-ditch" talks between the Clothing National Bargaining Forum and the South African Clothing and Textile Workers Union have resumed after breaking off at 2am today.

The union's national negotiation Lionel October said that the employers had shifted their offer from 11 percent to 12 percent but the union was holding out for 15 percent.

The 15 percent included two percent provident fund and guaranteed annual bonus components.

The union represents over 100 000 clothing industry workers throughout the country.

A dispute was declared between the union and various regional clothing and industrial workers and councils on May 16.

Mr October said the union had arranged for urgent annual general meetings to be held throughout the country later this week for workers to decide whether to revert to industrial action.

"We are still talking but it's become very much touch and go," said Mr October.

Jo'burg secretaries earn the best wages

(355) ST(BT) 20/8/95

By ZILLA EFRAT

THE economic upswing has placed upward pressure on starting salaries for secretarial and accounting staff, employment group Kelly's annual salary survey shows.

The trend is expected to continue.

The survey, covering the period January-May this year, found that the northern suburbs of Johannesburg generally pay higher starting salaries to office staff than other areas of the country.

The lowest averages were noted in the Free State.

For example, secretaries in northern Johannesburg enjoy the highest starting salaries — an average of R3 643 — while their Free State counterparts earn only R 2 300.

Starting salaries for bookkeepers in Johannesburg North reached a record maximum of R6 000, a 20% rise since the second half of 1994.

Executive secretaries and personal assistants starting out on the East Rand were found to be getting almost 30% more than they were last year.

Receptionists in the Western Cape are 17% better off than in 1994, but still earn almost 12% less than those in Johannesburg's northern suburbs.

In addition, the starting salaries of western Cape girl Fridays and bookkeepers also trail those in other parts of the country.

In Kwazulu-Natal a secretary can expect to start on an average of R2 655 a month, an executive secretary on R3 200, a girl Friday on R2 250, a receptionist on R1 997, a bookkeeper on R3 291 and an accounts clerk on R2 322.

An Eastern Cape secretary can expect an initial pay cheque of R2 537, a receptionist R1 870 and an accounts clerk R2 541.

GENERAL SECRETARIAL SALARIES

	LOWER 25%	TOP 25%
Jhb Central:		
Executive secretary	R2 700 - 4 000	R5 001 - 5 500
Girl Friday	R1 750 - 2 000	R2 501 - 3 000
Western Cape:		
Executive secretary	R2 500 - 2 850	R3 501 - 5 000
Girl Friday	R1 800	R2 201 - 2 800
KwaZulu/Natal:		
Executive secretary	R2 400 - 2 500	R3 501 - 4 300
Girl Friday	R1 500 - 2 000	R2 501 - 2 900

Graphic: FIONA KRISCH

Source: KELLY PERMS

Plight of R182-a-month workers

CT(BE) 25/8/95 (355) (LE) (ZHP)

By Thabo Leshilo

Staff Writer

About 33 percent of South Africa's farmworkers and 18 percent of the country's domestic employees earn below R182 a month, an analysis of key collective-bargaining agreements by the National Labour and Economic Development Institute shows.

The figures, released by the Cosatu-founded but independent institute yesterday, indicate that domestic workers and farmworkers were paid 11,2 times less than the lowest-paid workers in the car industry, with a minimum average monthly salary of R1 867.

The statistics, given by researcher Rob Rees at at a National Economic Development and Labour Council workshop in Johannesburg, show that the second lowest paying jobs were in the forestry sector where workers in the lowest grades were paid between R570 and R600 a month.

This was followed by the mining sector where workers were paid between R520 and R1 650.

Rees said although the settlements broadly matched the inflations rate, the institute believed the official inflation figures supplied by the Central Statistical Service underrated inflation for people earning below R2 000.

He said the wages of many workers, especially in the services, construction, mines and farming sectors were still below the subsistence level.

Rees said collective-bargaining agreements showed a trend towards higher percentage increases at the bottom of the salary scales and lower increases for employees at the top, especially in the public sector. The lowest paid auto worker received an increase of 12,64 percent compared with 10 percent in the top grades while the lowest paid public servants received a pay hike of 22 percent compared with only 4 percent at the top.

However, this trend was unlikely to be sustained because of the negative effect on skilled workers, some of whom were even threatening to leave.

Adrian du Plessis, an industrial relations consultant at the Chamber of Mines, said some members of the chamber had banded their lowest job grades together, resulting in higher increases for the lowest paid employees.

However, the chamber thought that the issue of remuneration was best left to the annual collective-bargaining process.

JOBS AND WAGES (355)

Absorbing problem

FM 28/9/95

Labour costs have been rising since the economic cycle moved into an upswing in the middle of 1993.

Figures for 1994, in the latest Reserve Bank *Quarterly Bulletin*, on nonagricultural real unit labour costs, show an increase of 0,7% in the year. The reason is that real

ECONOMY & FINANCE

remuneration per worker jumped 3% in 1994, outstripping the 2,4% growth in labour productivity (output per worker).

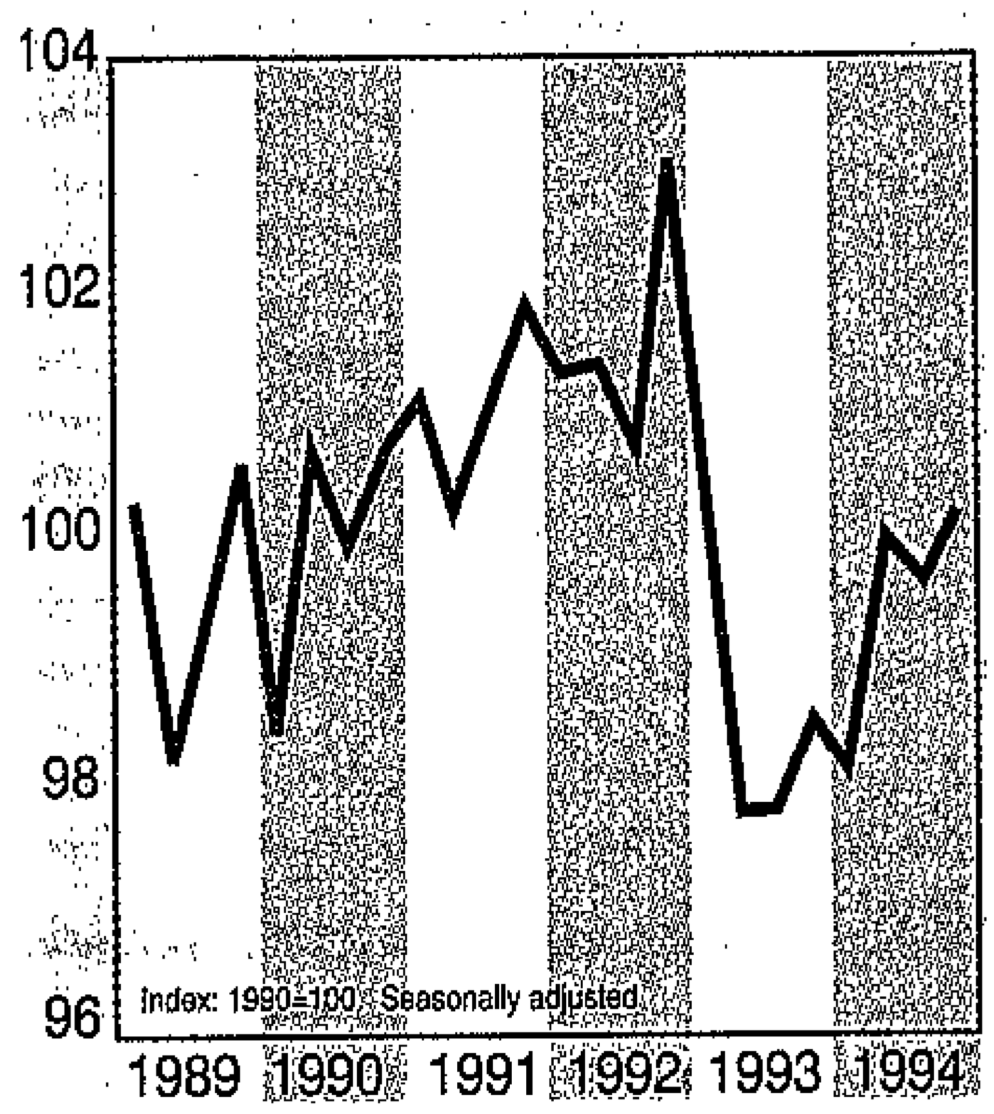
This goes some way towards explaining the failure of the economic recovery to generate jobs. The average level of employment in the calendar year was 0,6% lower than in 1993. And the 1994 October household survey showed that 43 out of every 100 economically active people were either unemployed or involved in the informal sector in October 1994.

The *Bulletin* comments: "These figures clearly illustrate the urgency of improving the labour-absorption capacity of the economy to maintain internal stability.

"The sluggish reaction of total employment to the upturn in economic activity was caused by the unwillingness of private-sector employers to expand the size of their work forces. Increases in private-sector employment took place only in the second half of 1994; employment rose at seasonally adjusted and annualised rates of 1,6% and 1,2% in the third and fourth quarters."

RISING LABOUR BILL

Non-agricultural real unit labour costs



SOURCE: RESERVE BANK

But the "average level of employment in the private sector nevertheless declined by 1,4% in 1994."

In contrast, employment by public authorities accelerated, from a seasonally adjusted and annualised 0,4% in the first quarter of 1994 to 4,2% in the third quarter, before declining to 0,3% in the fourth quarter. The average level of public authority employment rose 0,9% in calendar 1994.

The problem with this outcome is that rising public-sector employment puts pressure on government spending and signals a rise in the size of the Budget deficit — which in turn will absorb more of the taxpayers' money.

Only the private sector can productively address the unemployment problem — and this will happen only when wages are allowed to reflect the growing oversupply of labour. ■

Wage increases up on '94 – survey

STAR 28/9/95 (355)

The general staff of South African companies received considerably higher salary increases this year than had been predicted last year, according to a survey by Johannesburg-based management consultants FSA-Contact.

The consultants said the survey, which examined the pay policies and structures of more than 1 000 companies across the economic spectrum, also found intended increases for the coming year were slightly higher than those granted in the past year.

Kris Crawford, head of FSA-Contact's remuneration surveys division, said lesser skilled workers received the highest percentage increase in the past year. Indications were that this trend would continue into 1996, in line with the trend of the past few years.

The survey also found that 65% of the participating companies had minimum pay levels that were negotiated with a union.

Crawford attributed the optimistic outlook for salary increases to an upswing in business confidence.

She said the survey found that more than 60% of the companies had introduced incentive schemes for staff. And most staff appeared to be positive about the schemes, with just more than 10% either non-committed or fairly negative.

Crawford said three quarters of the respondents had implemented the scheme to motivate staff, 45% to enhance bottom-line results, 44% said it was to encourage employees to be more accountable for their actions, and 42% hoped to increase productivity.

However, the survey found organisations that had implemented incentive schemes had faced unexpected problems.

Almost half reported difficulty in measuring performance in some jobs and nearly a third said the scheme was perceived by employees as too subjective or unfair. - Sapa

Employees better paid in 1995

(350) BD 12/10/95

JOHANNESBURG — Employees were earning significantly improved wages this year, labour analysts Andrew Levy and Associates said yesterday.

A survey by the company showed that up to the end of the third quarter, the average increase for 1995 in all sectors surveyed was 11,5%.

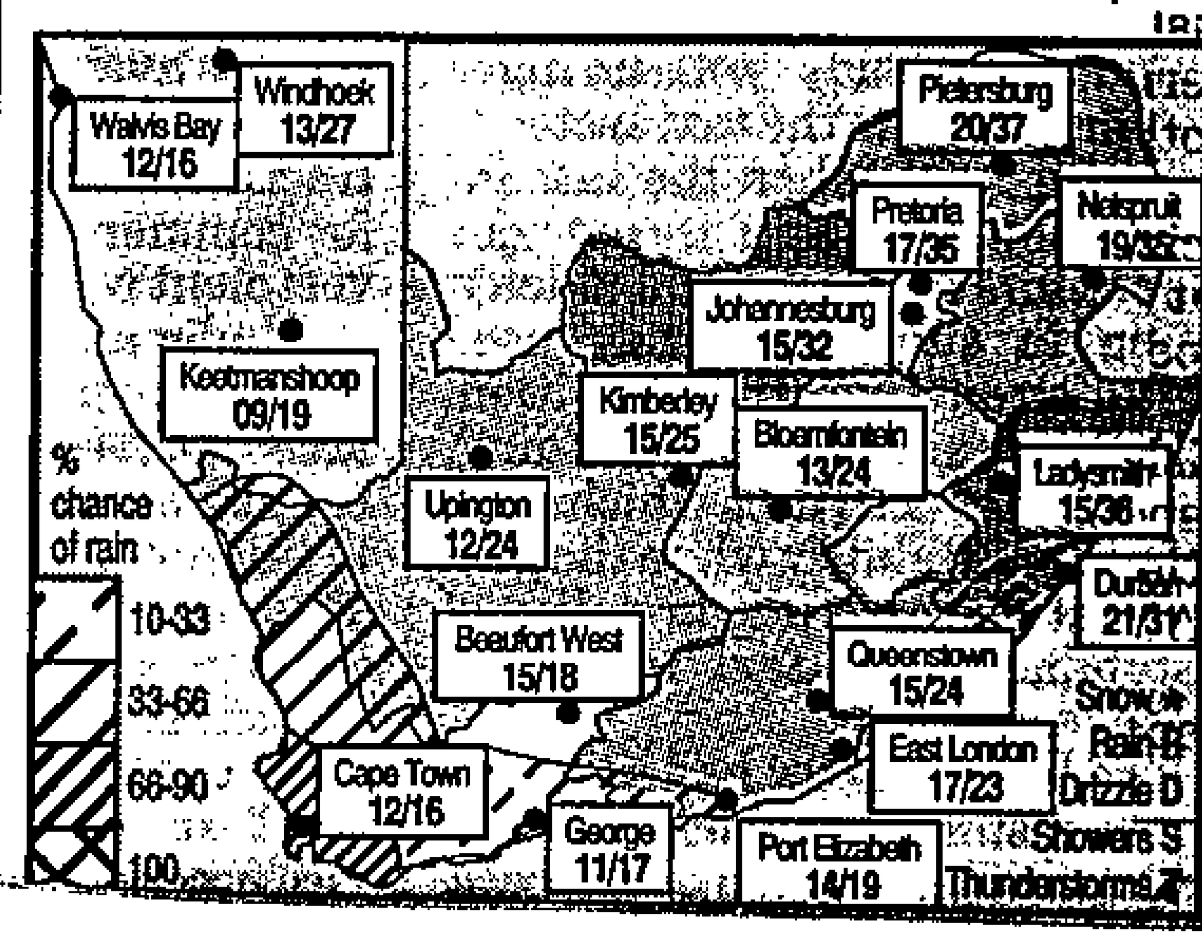
This was marginally down from 11,9% at the end of the second quarter but up somewhat from 10% at this time last year.

The labour analysts pointed out that the inflation rate started the year at 9,6%, then rose to an April high of 11% before dropping to its August low of 7,5%.

"In this light, the wage increment is relatively high. The result is that workers are earning significantly improved wages in real terms."

The firm said the average minimum wage across the sectors surveyed was R1 314,77. — Sapa.

TODAY'S WEATHER



FORUM

Standardisation will cause massive rise in municipal wage bills

(355) CT(BR) 13/10/95

BY ANN CROTTY

Poorer areas that belong to the metropolitan body must be given more powers

The long-term implications of the resolution of the recent municipal workers' strike point to staggering increases in municipal wage bills country-wide, as conditions of local government employment are standardised across the country.

To date, the highly segmented manner in which local authorities are governed has resulted in lower-graded workers receiving considerably different wages for the same work.

Ahead of this year's wage negotiations with the Greater Johannesburg Transitional Metropolitan Council, the minimum wage of a rubbish collector in Ennerdale was R500 a month; in the Johannesburg area it was R1 200 and, in some regions of what was formerly the Transkei was R125 a month. So, depending on where he worked, a dustman earned between R1 200 and R125 a month.

Because they were negotiating with one body instead of the various employer bodies that had previously negotiated wages and conditions, the Greater Johannesburg metropolitan branch of the South African Municipal Workers' Union was able to push for uniformity on wages.

As a result, the Ennerdale and Johannesburg rubbish collectors are now on R1 500 a month. But in the former Transkei they are still on R125.

For organised labour the more immediate issue to be resolved is the need for uniformity and standardisation in terms of employment — the issue of pay level and conditions is an ongoing one.

It is this push for standardisation that has put so much force behind the union's demand for the repeal of annexure J of Local Government Proclamation 42 which will result in the allocation of powers and functions to weaker and poorer metropolitan substructures that belong to the strong and wealthy metropolitan body.

"We want a single employer base for metropolitan government with strong power functions," says the union's spokesman, Weizmann Hamilton.

There is little doubt that for the next few years much of the union's energies will be devoted to what Hamilton describes as the complete revision of the system that underpins the segmented terms and conditions that apply to municipal workers across the country.

As he sees it, this is in line with ANC policy to transform local authorities and create a system of one city one tax base.

He says it is not just a question of parity of wages, the need to improve the skills level of lower-graded workers must also be addressed.

As yet there has been no attempt at training or developing a career path for these workers who comprise the bulk of the union's members.

> **Ability is not recognised, so workers continue to do the same low-grade work**

Because paper qualifications are relied on and recognition is not given to experience and ability to do the job, lower-grade workers spend most of their working lives at the same low grades of employment.

The June negotiations, conducted directly between the union and the the Greater Johannesburg TMC, for the first time ever resulted in establishing the same pay for workers in a broad spread of municipalities, including Dobsonville, Deep Meadow, Johannesburg and Ennerdale.

As Hamilton notes: "Nowhere in South Africa are we as advanced in this policy (of standardisation); we have set a precedent for the rest of the province and for the rest of the country."

The cost implications are staggering. Hamilton said it would take considerable research to establish the full extent of the additional wage bill.

As to the question of who is going to carry it, Hamilton says: "In the short-to-medium term if the municipal authorities don't have the funds, they must be provided by central government."

As things stand the authorities facing the biggest wage bill increases certainly do not have the funds in their own coffers from which to make the additional payments.

The comparative poverty of black and, particularly, rural black local authorities is part of the reason behind the present segmentation of wages and conditions.

The number of many grades used to evaluate jobs and determine wage levels in any local authority depends on the external grading of that local authority.

The system of external grading is regulated by the Promotion of Local Authority Affairs Act of 1983.

According to the act, 13 factors are weighted in a formula that determines grading from grade one which is the smallest, Ashburton in KwaZulu Natal, to grade 15 which is the largest, Johannesburg. The 13 factors include 12 services and the level of income of that authority.

The 12 services are: water meters; water purification; electricity meters; sewerage points; sewerage purification; roads; erven; housing; fire services; ambulances; library books and trading licences.

In a recent report entitled Labouring Locally, Nobom Tshiki refers to the fact that the external grading of a local authority plays a role in determining the number of salary levels found within a local authority. "For instance, questions of how large a local authority is and how many responsibilities it has are two of the factors that are taken into consideration when the number of grades is determined."

According to Tshiki, whose report also addresses the lack of skills training, in terms of the act the allocation of the weightings "did not benefit those authorities which are situated in small towns, rural areas or black authorities.

"Most of these towns do not offer services such as library facilities and ambulance services."

In addition, most of the services which have high weightings such as erven, water meters, electricity meters, sewerage points and roads are not available in rural areas and some black local authorities.

Tshiki says: "Income has the highest weighting.

"Because of the sources from which it is generated — most of which are not available in small, rural or black local authorities — these authorities are further disadvantaged."

Even if standardisation of wages takes a number of years, it is unlikely that many of the black and rural local authorities will have upgraded their income resources sufficiently to cover the increased wage bill. Hence, Hamilton's call that central government make up the shortfall in the medium term.

Tshiki says that in addition to the differences between differently graded authorities, the fact that there are differences between identically graded local authorities confuses the situation further.

"What this means for lower-graded workers is that the principles of equal pay for work of equal value and equal pay for equal work are not applied.

"These are the very principles that organised labour is fighting for," Tshiki says.

WASTE DELIVERY *Municipal workers, above, trash the streets of Johannesburg, drawing attention away from the core issues*

PHOTO: TJ LEMON

ENERGETIC *Samwu spokesman Weizmann Hamilton, right*

PHOTO: JOHN WOODROOF

That fight is not helped by the lack of centralised bargaining, says Tshiki, who suggests that "the problem of grading systems used in local authorities and the hostile labour relations environment can best be addressed through the introduction of centralised bargaining".

Hamilton sees the complete overhaul of the role of the Municipal Employers Organisation (MEO) and the Employers' Organisation for Local Authorities (Eola) as critical to the process of revision.

He describes the organisations as anachronisms which represent local authorities that no longer exist.

In Gauteng, the Gauteng Association of Local Authorities has been established to replace the MEO and Eola. The association cannot register until after the local elections next month.

If annexure J is not repealed it could throw the agreement reached between the union and the Greater Johannesburg TMC in June into contention.

A large part of the union's success in these negotiations can be attributed to the fact that the MEO and Eola were barred and talks were conducted directly with the councillors on behalf of the Greater Johannesburg TMC.

Even if annexure J is repealed, the ability of the TMC to negotiate binding deals ahead of the election may be called into question.

This would be one way of the government delaying the budgetary effect of standardisation of wages in the sector.

But given the labour movement's commitment to the issue, it could only be a delaying tactic.

Mboweni, commission in bid to head off labour row

(355)

Renee Grawitzky

BD 23/10/95

LABOUR Minister Tito Mboweni and members of his labour market commission are working to head off a potential row among themselves over research being conducted on the correlation between wages and employment.

A number of commission members indicated unhappiness after Mboweni disclosed during a recent Centre for Policy Studies seminar that initial findings of research being conducted for the commission by a US academic indicated that the level of union-negotiated wage increases was having a negative effect on job creation.

Commission members indicated last week their unhappiness that the minister had pre-empted their work.

They said the internal proceedings of the commission were confidential — as were the submissions — until a final report was released. The release was scheduled for early next year. They said the comments were based on initial and as yet inconclusive findings by Sam Bowles of the University of Massachussetts.

Mboweni said the initial research reflected that if productivity gains were fully "swallowed up" by increased wages then the economy's capacity to create jobs would be limited. He suggested the possibility of entering into some sort of accord to deal with this.

Cosatu general secretary Sam Shilowa rejected at the weekend the notion that wages contributed to the growth in unemployment. He said the real issue was the high level of inequality in the workplace where huge wage gaps existed between worker and management earnings.

He said it was a right-wing view that it was better to earn R1 an hour than to have no job at all.

Set up by the labour ministry earlier this year, the commission's terms of reference included examining elasticity of demand for labour, and how wages and employment were related.

Call on labour leaders to moderate wage demands

ET(BR) 27/10/95 (355)

By John Spira

Johannesburg — South Africa's labour unions must be persuaded that it is in their members' long-term interest to significantly moderate their wage demands.

So urged Colin Bradford, the chief economist for the United States Agency for International Development, who is visiting the country with a view to helping South Africa find economic solutions for its exceptionally high rate of unemployment.

Conditions

Virginia-based Bradford stressed he was not intimately familiar with economic conditions in this country but said he believed that economic strategies which had been successful in Asia and South America could well provide solutions for South Africa. His lifetime wage proposals centre on the notion that by foregoing present benefits, labour would reap appreciable benefits in the long term.

He pointed out that reduced real labour costs would induce the business sector into adopting more labour-intensive methods of manufacture.

"A vigorous industrialisation process then follows — one which becomes more dynamic over time and in which skills levels increase as employment levels rise. It's a process which eventually leads to an upgrading of technology and salaries."

Strategy

Bradford said social upliftment programmes were fine but were not enough to generate sustainable economic growth — nor did they generate jobs.

"What is required is a strategy designed to help the private sector grow; to make it more profitable so that it invests more in industrialisation. The end result is a stable and dynamic society."

He asked the question: "How can labour leaders espouse a path which leads to more unemployment, not less? Excessive wage demands can but exacerbate South Africa's unemployment problem."

Average pay dips in manufacturing

(355)

Greta Steyn BD 31/10/95

WORKERS in the manufacturing industry earned on average 0,6% less in real terms in the first quarter of this year compared with the same period last year, according to Central Statistical Service (CSS) figures released yesterday.

The figures — they are the latest official employment and wage data available — showed that the fall in average real wages was accompanied by a small rise in employment in the manufacturing industry.

The marginal improvement in employment lagged far behind the real growth in the output of the sector — a situation which economists said suggested productivity was improving.

The CSS figures showed there was an increase of 1,3% in the number of jobs in the manufacturing industry compared with the first quarter last year to the same period this year.

The industry now accounts for almost 1,42-million jobs, a far cry from the levels of more than 1,53-million reached at the end of the previous upswing in 1988.

The manufacturing industry continued to shed jobs for most of the upswing, but the situation started turning around in the third quarter of last year.

By contrast, the financial services sector was a net creator of jobs, and has also seen larger average wage increases. The latest statistics show workers in the banking, insurance, real estate and business services sectors experienced a real increase of 4,4% in average salaries and wages between the first quarters of last year and this year. Despite the strong jobs growth in the sector, it employs less than 200 000 people.

Overall, workers in the non-primary sectors of the economy (excluding mining and agriculture) saw their salaries more or less keep pace with inflation.

Bureau for Economic Research economist George Kershoff said the BER expected every 1% rise in GDP to yield an increase of only about 0,4% in overall employment. That had been the case last year and, if repeated this year, would mean an overall rise of about 1,2% in employment.

He said it seemed the rising trend in manufacturing employment would not continue to the fourth quarter of this year.

A BER survey among manufacturers showed most people expected a decline in jobs in the last quarter from a year ago.

An IDC survey of the manufacturing industry for the first six months of the year noted a a 6,3% rise in output in the six months to June, compared with last year.

WAGES AND WORKING CONDITIONS -

1996 ~~1997~~

Job creation and higher wages a priority for trade unions this year

(355)

Cosatu, SA's largest trade union federation, has pledged itself to fighting unemployment and the privatisation of state assets

Star 9/1/96

By Justice Malala
Labour Reporter

The Congress of South African Trade Unions (Cosatu), the country's largest trade union federation, has vowed to dedicate 1996 to mobilising its 1,6-million members to fighting unemployment, privatisation of state assets and low wages.

In its New Year's message released last week, the federation said that unemployment in the country was unacceptably high and that millions of people did not have any hope of finding jobs this year.

Cosatu said it would put pressure on big business and the Government, particularly those ministries responsible for job creation like the Ministry of Trade and Industry, to begin moves to bring about the necessary changes.

Cosatu assistant general-secretary Zwelinzima Vavi said the federation's central executive committee had reached the conclusion that the tripartite body aimed at bringing about consensus between labour, business and Government, the National Economic, Development and Labour Council (Nedlac), should address three key issues this year.

These were the issues of job creation, job preservation and social equity, Vavi said.

"Cosatu will find it hard to convince its members that its participation in Nedlac is to the benefit of the working people if we fail (to achieve these goals)," he said.

On the issue of privatisation, the federation said it was more determined than ever before to "ensure that any restructuring of state assets does not only benefit the emerging black bourgeoisie or big capitalists hiding behind black faces."

Vavi went on to stress: "We want restructuring of state assets to benefit the poorest of the poor."

The Government and labour representatives will meet on Thursday to discuss their differences, which arose after the release of the Government proposals on the restructuring of state assets last month, sparking more labour protests and strikes.

Cosatu has also called for a national 24-hour work stoppage next Tuesday as part of its anti-privatisation campaign.

The federation said that it would also broaden its long-running campaign to better workers' wages, to close the wage gap created by apartheid legislation and practices in workplaces, review existing grading systems and the training of workers.

"We see no contradictions between our demand for jobs and our continuous struggle for a living wage," said Vavi.

invested over three months, while for the sake of the company.

Training programme for 2 000 people on site of new toll road

(179) CT(BR) 12/1/96

A training programme is under way on the site of the largest road contract ever awarded in South Africa — the R500 million, 122 km section of the N1 toll road from Warmbaths to Pietersburg.

The South African Road Board awarded the financing, construction and maintenance of the road to Northern Toll Road Construction — a joint venture between LTA and Murray & Roberts. The actual construction is being undertaken as a sub-contract by LMG, a joint venture between LTA, Murray & Roberts and Grinaker Construction.

The contractor has committed to award contracts worth R50 million to emerging businesses, to provide formal training for about 2 000 people. LMG project manager Eugene Erasmus said 53 contracts, plant hire and supply orders valued at more than R35 million, had been awarded by the end of last November.

"The success of this programme could well result in the RDP portion of the contract exceeding the stipulated R50 million by contract completion in July 1997."

To date, emerging business has been involved in activities such as fencing, installation of gabions and sub-soil drains, and the construction of cross roads.

LMG's training school, run in conjunction with the Civil Engineering Industry Training Scheme, employs four full-time multilingual instructors. It is based at LMG's site offices in Potgietersrus, and offers 25 different courses — with the capacity for 20 to 30 trainees a week. By the end of November last year a total of 452 trainee certificates had been issued.

Community schools project trains 1 500 in its first year

CT (BR) 19/1/96 (179)

By Stuart Rutherford

Durban — Since the Siyaphothula Community Project was launched in January last year, it has funded three training schools in the Durban area and has taught home-industry skills to 1 500 women.

But this is only the beginning, said Ena Muller, the director of this section 21 company, who intends to create the "biggest school South Africa has ever seen".

This year she plans to set up another four schools in the region, to hold the biggest fashion show in Durban yet, and to start training in Mozambique — if negotiations with the Norwegian Peoples' Aid, who will fund the project, are successful.

Siyaphothula currently employs 10 teachers at its three schools in Folweni, Umlazi and Congella. It supports another four graduates who teach in their own communities. Muller says she is now recruiting more teachers to work in a new school to open in February or March.

All Siyaphothula Community Project schools offer 12-week courses in crafts such as sewing, soft furnishing, millinery, shoe decorating and upholstery.

Graduates receive a certificate accredited by the National Board of Sewing and the Fashion Designers' League — and learn a skill that can support them, she says.

ILO sets up ambitious training project

(179) CT (PR) 19/1/96

BY FIONA LENEY

Johannesburg — The ILO, the labour arm of the United Nations, will start an ambitious training programme for small and emerging South African businesses at the end of this month.

It hopes to reach more than 20 000 fledgling and potential entrepreneurs a year.

The organisation returned to the country last May after a 28-year absence. It has chosen 15 small business organisations to work with on the first phase of the scheme, its biggest in Africa, says Arvind Nande, the technical adviser.

His team will provide materials, skills, resources and advice. It will train staff from technikons and organisations that sign on as partners in the scheme to use the course material.

The government and the organisations will then implement the courses.

Plans are being finalised with the trade department's business development service, which regulates small business centres; the Get Ahead foundation, a non-government organisation dealing with small-business training and finance; the black business groups Nafcoc and Fabcos; and others.

One problem remains: who will pay to put the candidates through the course?

The organisation has a policy of providing expertise but not funds, says Nande.

Robert Wesigye of Nafcoc's management and leadership development centre says the R4 000 cost for every trainer and ways of paying for the course should have been matched to local conditions.

Wesigye was also worried about the suitability of the course for South Africa. "People like the organisation because it is an international body, but is the course adapted to South African conditions?"

Nande says the programme consists of courses like how to start and how to improve a business. It has already proved its value in 15 other African countries.

He concedes that South Africa presents unique problems.

"There is a tremendous need for (the business improvement course) here. But the situation is difficult; the business world is in a state of flux. The enormity of the task has meant setting up a separate project for South Africa", he says.

"Uniquely, you have between 6,5 million and 7 million people operating in a first-world economy and the rest operating in a third-world one. Their needs differ."

The business improvement course is a management training system aimed at small entrepreneurs who are literate and numerate, but lack a formal education.

They need to have been in business for at least a year, to work from premises and to have demonstrated a commitment to their business.

Its sister course on starting a business is aimed at potential entrepreneurs with good business plans but little concept of how to implement them.

A study for the Swedish international development co-operation agency, which is funding the programme in an equal partnership with the British government's overseas development administration, shows that more than 80 percent of the entrepreneurs on the programme acquire the skills they are taught, says Nande.

Success measured in concrete terms is more disappointing. Only 10 to 15 percent report financial improvements in their business. Nande argues that this merely reflects the importance of macro-economic conditions in a business's success.

Under the project's pyramid structure, trained instructors become "master trainers", passing on their skills to others in their organisations.

By the third year of its operation, the scheme should have 105 master trainers, each able to train another 100 instructors annually.

Each instructor is supposed to be able to put 60 to 80 entrepreneurs through the programme each year.

NEW APPROACH *Linda Botha, the founder of Impact Consultants, shows off some of her training material to Johannesburg fire fighters*

PHOTO: JOHN WOODROOF

Canadians to train North West officials

Mmabatho – A delegation led by Canada's Manitoba province premier Gary Filmon will arrive today to sign an argreement with the North West government to train its public servants, the province's information service said yesterday.

Under the North West-Manitoba Agreement on Governance and Economic Development Co-operation, the Canadians will train North West personnel in human resource development and training.

They will also handle financial management control, line department consultation, and liaison and direct business community contracts.

Filmon will sign the agreement in Mmabatho tomorrow, said North West spokesman Willie Modise. – Sapa.

Star 25/1/96

(179)

R&D essential for SA success, says Manuel

(179)

By Thabo Leshilo

Johannesburg — South African companies must invest vigorously in the development of their employees or risk failure in the harsh global economy, the minister of trade and industry, Trevor Manuel, warned at the weekend.

"As you invest in technology upgrade and in research and development, you need to invest, contiguously, in the people who actually work on the shop floor . . . unless we get that dimension right, becoming global players will remain a pipe dream," said Manuel.

He was speaking at the 25th anniversary celebration of Tente Castors in South Africa. The minister also turned the first sod for the Boksburg-based company's R3,5 million warehouse and assembly complex.

CT (BR) 29/1/96

Innovate

Tente Castors is the leading manufacturer of wheels and castors in the country. It is a wholly owned subsidiary of Tente Rollen GmbH& Company of Germany, with a turnover of R250 million.

Manuel congratulated the company for its innovation and investment in the development of new products, particularly its research into anti-theft castors.

He committed the government to helping create an environment conducive to competitiveness and efficiency. That, he said, was vital to enabling firms to create jobs, upgrade the skills of workers, innovate and seize opportunities in the world economy.

"We have the vision of an economy with an industrial base that is focused on quality and excellence and that will bear its seal proudly," Manuel said.

Dieter Fricke, the president of Tente Rollen, said the investment in the new warehouse reflected the parent company's confidence in South Africa.

(179)

ILO begins management training programme in SA

BD 29/1/96.

Theo Rawana

THE International Labour Organisation began a three-year small, medium-sized and micro-sized enterprises training programme at the weekend, hoping to see 8 000 people trained in business management by October 1998.

The Improve Your Business project was based on the recommendations of consultative meetings between ILO representatives, government departments and organisations interested in adopting the programme, the ILO Improve Your Business SA project office said.

The first batch of entrepreneur trainers from a select number of small, medium and microenterprise development organisations would be trained by the office in a two-part, four-week seminar at Alpha Training Centre, Broederstroom. The trade and industry department had reviewed the project and recommended its implementation, the office said.

The programme, developed by the ILO to meet the "specific need of a ... management training programme for small and emerging business people in developing countries", has been disseminated to more than 40 countries worldwide.

About 65% of the programme's target group are women.

The office said the programme was a low-cost training intervention and addressed the needs of business people through simple and practical methods.

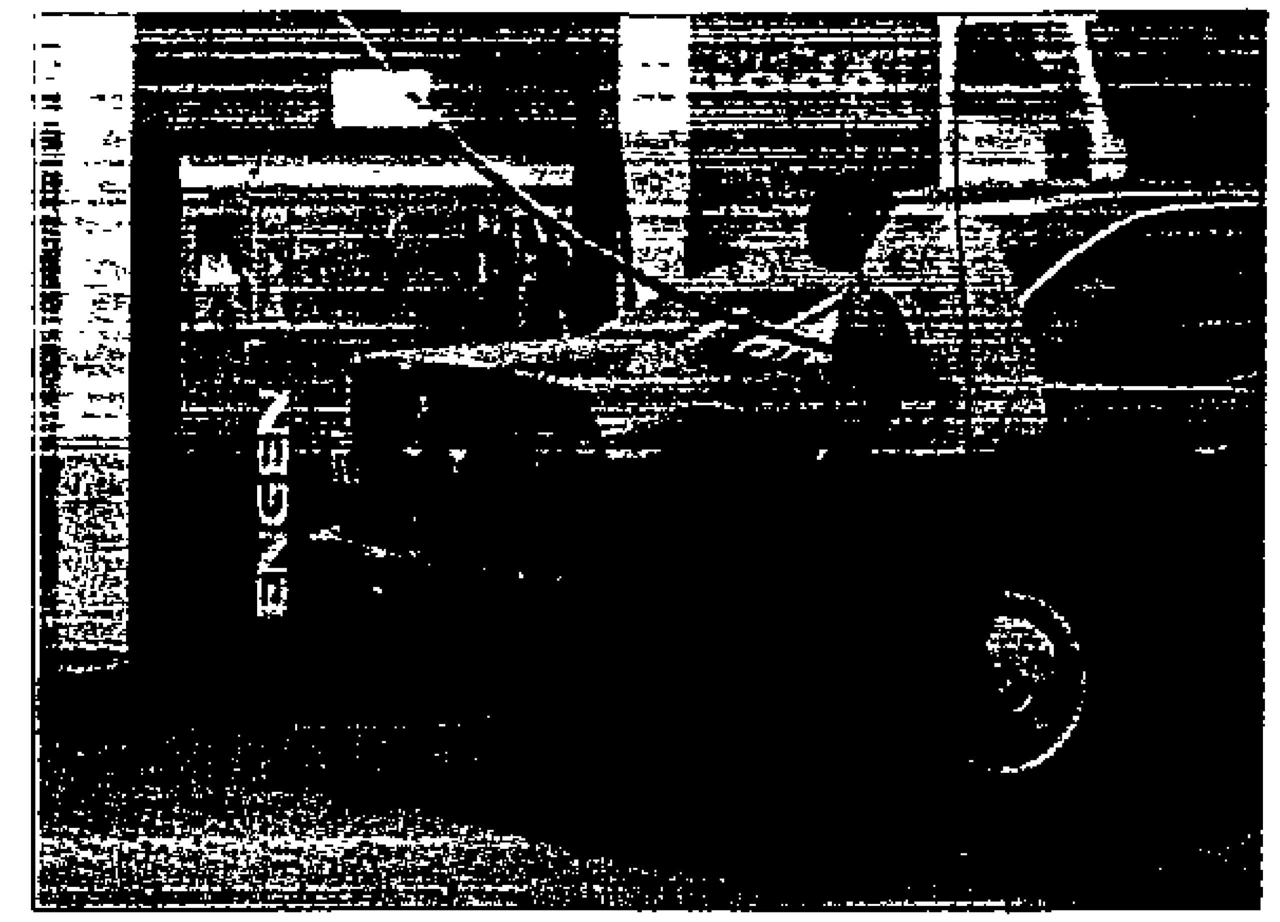
Project staff would first train people from organisations already engaged in management and training of people involved in small business.

They would in turn train entrepreneurs, generating a multiplier effect from the project's input.

The project staff would train "master trainers" and accredit them to train trainers, leading to reduced dependency on the ILO.

Collaborating organisations would bear the cost of the training.





BURNING THE MIDNIGHT OIL: Whether cleaning floors, livening up the air waves with the latest hits or easing your journey, these people of the night work the strangest hours PHOTOGRAPHS: JOHN HOGG

Night owls keep things running after dark

Star 4/5/96 (365)

BY JACQUI REEVES

Four hours into her shift, Melita Motsoeneng gently hums a tune as she dusts.

It is 10pm now, and although the 41-year-old is due to punch out at 2am, she knows it will be closer to 5am before she gets back to her Orange Farm home.

Motsoeneng is just one of thousands of workers who come out after dark, fulfilling functions 9-to-5 workers often take for granted.

These late-night owls are different from the pre-exam student or the businessman occasionally burning the midnight oil – they do it for a living, making it a lifestyle.

There are hundreds of examples. Security guards in office complexes, emergency workers and police – all do their bit for our night-time peace of mind.

The vendor you buy your morning paper from received his delivery in the wee hours of the morning after printers worked through the night to get it to you.

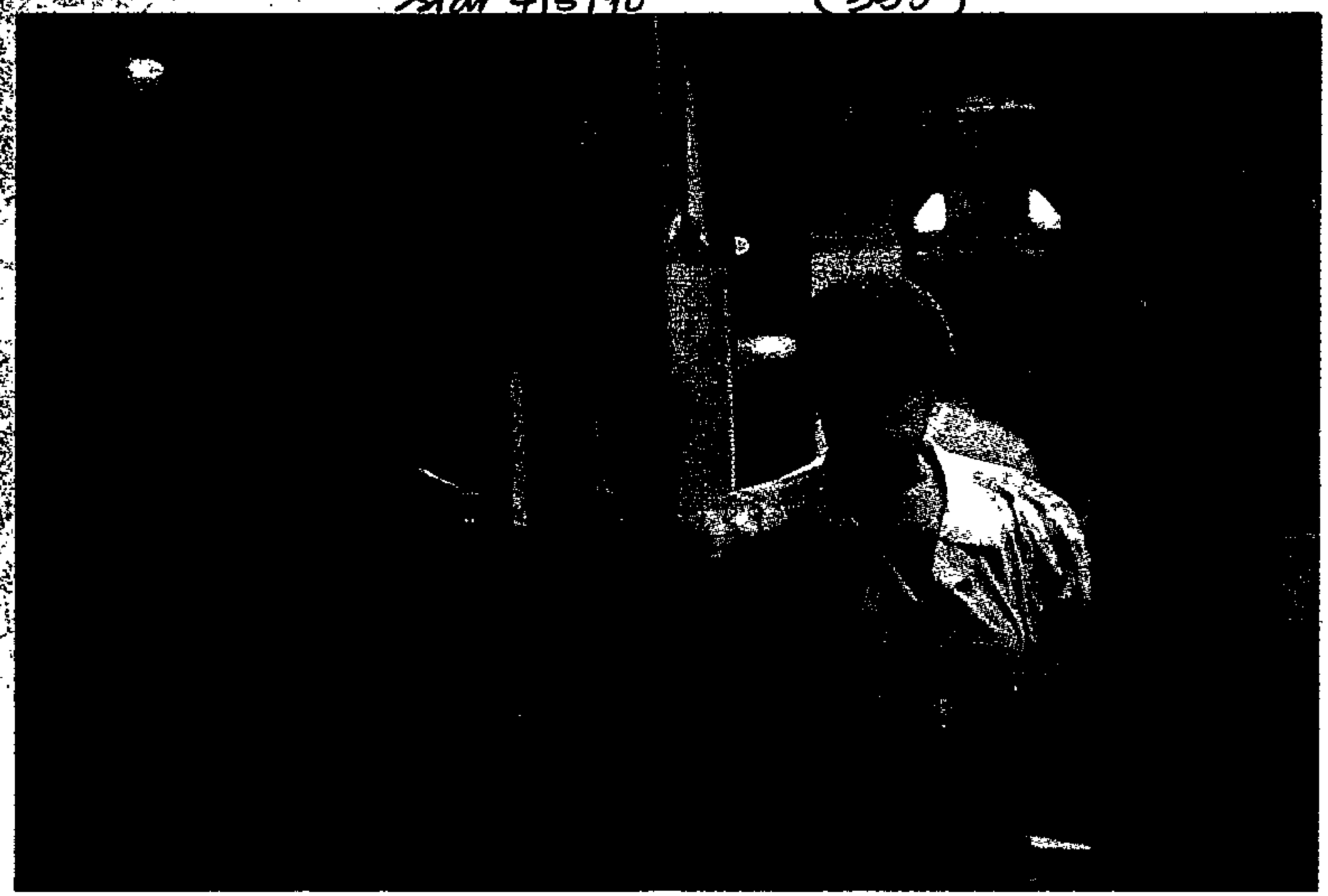
Motsoeneng is one of these people, leaving her three children about 4.30pm to make her way to a downtown office building in Johannesburg where she will spend her eight-hour shift.

When her husband gets home he will supervise the children's dinner and make sure they are ready for school the next day.

At times Motsoeneng says she and her husband feel like passing ships in the night, but they seem to have no alternative. "There is little money and we must work together to give our children everything they need," she says.

"With me working I can help to buy food and pay for the school fees, and it makes a big difference."

For a month of night shift, Motsoeneng



SLEEPLESS IN THE SLOW LANE: The long night starts to take its toll on Florine Ndumgale at the Grasmere toll plaza

gale has about two hours of her shift to go.

Sitting in her toll booth at the Grasmere

pany offers us transport to and from work, so I feel safe, and my family does not have

he hitch-hikes to work.

"It's an unreliable but cheap way to get

them through the night.

Sasha Martinengo is 5FM's late-night deejay. His show vaguely resembles the bomb-laden bus in *Speed* – hurtling along at break-neck pace, but largely under control. Where this man finds his energy one cannot be sure, but he certainly has a lot of it.

"This is a magic job," he says.

"People can't understand how I can enjoy the 1-to-4 slot, but I know there are shift workers and students out there who go through the night with me."

Martinengo is married and has an 18-month-old daughter. His wife, he says, is something of a saint.

"This job calls for a really laterl relationship – I take my hat off to her, it's not easy, but she keeps things going and keeps me sane," he says.

This 28-year-old, who started out as a mobile deejay, says his job sometimes calls on him to be a therapist and counsellor.

"I am not a trained psychiatrist, yet listeners often call with questions or just want to chat. You have to be careful that you don't say the wrong thing, because occasionally someone takes you to seriously."

Having just finished a ladies' night at a local club, Martinengo has rushed over to the 5FM studios to make last-minute arrangements before his show.

At least three hours of preparation go into every show, preparation that can sometimes feel like wasted time.

"Occasionally, when the phone don't ring and e-mail is scarce, you wonder if there really is someone listening but I know there are people out there and keep going for them."

According to Martinengo, there is a

Star 4/5/96 (366)

BY JACQUI REEVES

Four hours into her shift, Melita Motsoeneng gently hums a tune as she dusts.

It is 10pm now, and although the 41-year-old is due to punch out at 2am, she knows it will be closer to 5am before she gets back to her Orange Farm home.

Motsoeneng is just one of thousands of workers who come out after dark, fulfilling functions 9-to-5 workers often take for granted.

These late-night owls are different from the pre-exam student or the businessman occasionally burning the midnight oil – they do it for a living, making it a lifestyle.

There are hundreds of examples. Security guards in office complexes, emergency workers and police – all do their bit for our night-time peace of mind.

The vendor you buy your morning paper from received his delivery in the wee hours of the morning after printers worked through the night to get it to you.

Motsoeneng is one of these people, leaving her three children about 4.30pm to make her way to a downtown office building in Johannesburg where she will spend her eight-hour shift.

When her husband gets home he will supervise the children's dinner and make sure they are ready for school the next day.

At times Motsoeneng says she and her husband feel like passing ships in the night, but they seem to have no alternative. "There is little money and we must work together to give our children everything they need," she says.

"With me working I can help to buy food and pay for the school fees, and it makes a big difference."

For a month of night shift, Motsoeneng walks away with about R1 000 – not much, she says, but every bit helps.

"The pay is not good, but I know so many people that do not even have jobs, so I am grateful just to be working."

A floor down, a woman pushing a trolley laden with buckets, cloths and other cleaning equipment takes a break from her duties.

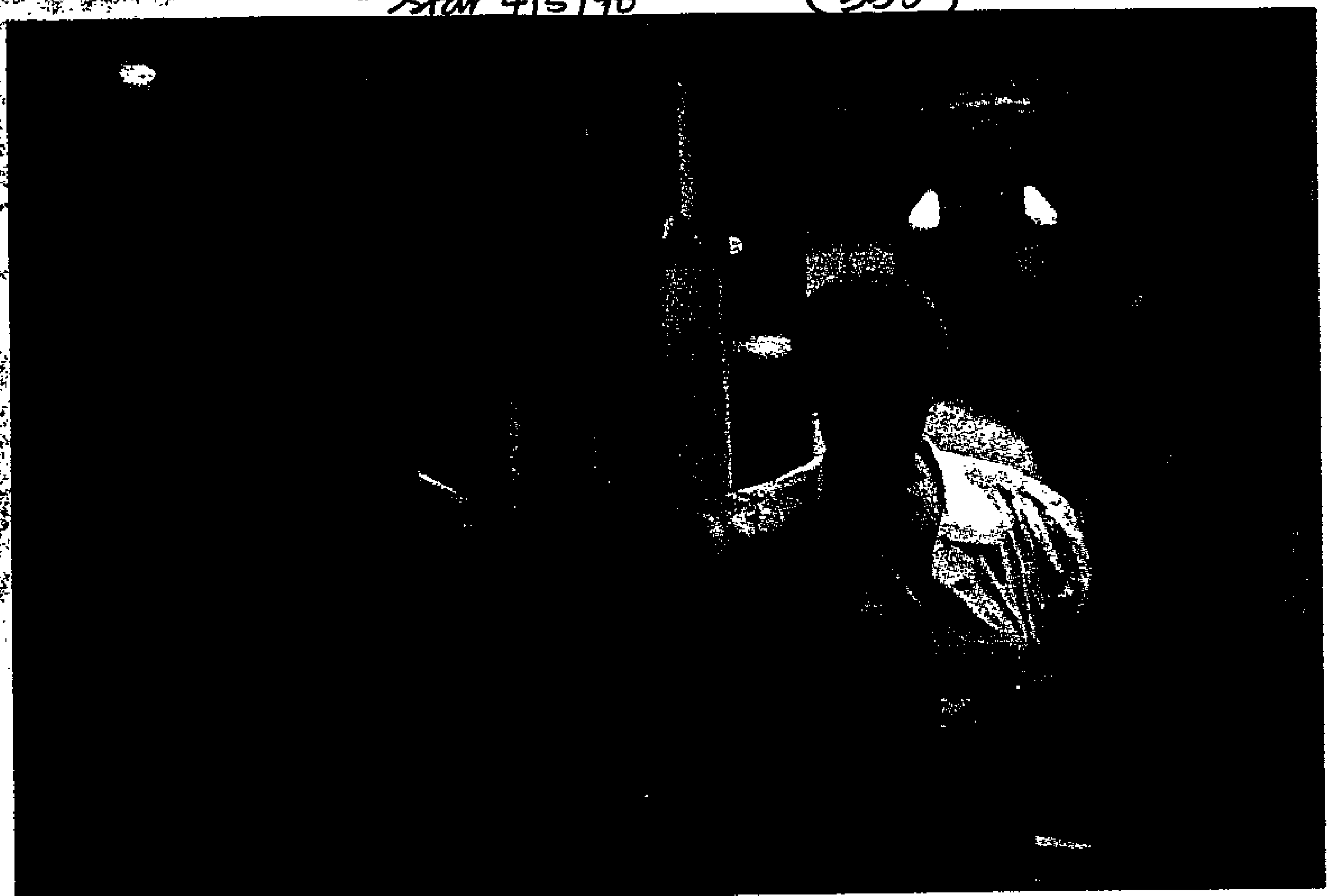
> *The pay is not good, but I know so many people who do not have jobs that I am grateful just to be working*

Leaning against her load, Jacobeth Sethalthole looks every bit her 62 years. A widow for more than 10 years, she works to support her children, aged 25 and 30, who are unemployed.

"They have matric and want to work, but there is no work and they just sit at home," she says.

Although she finds the night shift very difficult, she says she needs the overtime pay to stay alive. "The hours are heavy, but I like the company and the work, so I will keep going."

It is nearly midnight and Florine Ndumgale has about two hours of her shift to go.



SLEEPLESS IN THE SLOW LANE: The long night starts to take its toll on Florine Ndumgale at the Grasmere toll plaza

Sitting in her toll booth at the Grasmere toll plaza, she passes the time by listening to her radio, reading magazines and smiling sweetly at late-night drivers.

Two tow trucks come flying into Ndumgale's lane and she shouts the fee above the roar of their engines.

After checking with Ndumgale whether the police have been through, they presume there have been no accidents that might warrant their service and drive off again, leaving only a smudge of black rubber.

Grinning, Ndumgale says they are the least of her problems when working the night shift.

"Sometimes the people want to come through and they have no money. Then I have to make them fill out a form which upsets the driver behind, causing all sorts of trouble."

Ndumgale and her policeman husband work to support their four children, the youngest aged only three.

"This job is great," she says. "The company offers us transport to and from work, so I feel safe, and my family does not have to worry when I go to work."

Most people, Ndumgale says, are very friendly when they drive up to her, but drunks can be very difficult.

She says she does not feel vulnerable out so late at night, but does sometimes battle to stay awake.

Monotony

"That's why it's good to be friendly. People say a few words and it breaks the monotony."

At the end of the month, this Vereeniging family of six will have an extra R900 from Ndumgale's night shifts to buy food and clothes, she says.

The bitterly cold night air has all but frozen this reporter, so a 24-hour garage selling hot coffee is a very welcome sight.

Huddled in front of his heater, Morris Radebe assures me that "it gets much colder than this".

Radebe starts his shift at 10pm and makes his way home when the early morning traffic is just getting going.

Taxis and buses are expensive and irregular at this time of night, he says, so he hitch-hikes to work.

"It's an unreliable but cheap way to get here," he says.

The 37-year-old says night shift can be very lonely, but his wife and four children rely on the money he brings home.

Although the forecourt is covered by two security cameras, Radebe says he worries about the safety of the pump jockeys.

> *This is a magic job. I might look like a zombie 19 out of 24 hours – but hey, it's my life!*

"We are very open here, but there is not a lot we can do to protect ourselves."

Sitting in the fast-food restaurant drinking weak milky coffee with Michael Bolton crooning in the background, I ask Radebe if he can find anything he likes about his job.

"Yes," he says. "I earn money – not much, but it is something, so I have to be grateful."

It's now just before 1am, and Auckland Park is our final destination.

While these workers may be doing very different jobs, they still have one thing in common – their radios, which will take them through the night.

Sasha Martinengo is 5FM's late-night deejay. His show vaguely resembles the bomb-laden bus in *Speed* – hurtling along at break-neck pace, but largely under control. Where this man finds his energy one cannot be sure, but he certainly has a lot of it.

"This is a magic job," he says.

"People can't understand how I can enjoy the 1-to-4 slot, but I know there are shift workers and students out there who go through the night with me."

Martinengo is married and has an 18-month-old daughter. His wife, he says, is something of a saint.

"This job calls for a really later relationship – I take my hat off to her, it is not easy, but she keeps things going and keeps me sane," he says.

This 28-year-old, who started out as a mobile deejay, says his job sometimes calls on him to be a therapist and counsellor.

"I am not a trained psychiatrist, yet listeners often call with questions or just want to chat. You have to be careful that you don't say the wrong thing, because occasionally someone takes you too seriously."

Having just finished a ladies' night at a local club, Martinengo has rushed over to the 5FM studios to make last-minute arrangements before his show.

At least three hours of preparation go into every show, preparation that can sometimes feel like wasted time.

"Occasionally, when the phone don't ring and e-mail is scarce, you wonder if there really is someone listening but I know there are people out there and keep going for them."

According to Martinengo, there is a frighteningly large insomniac population in South Africa.

It is frequently these people who call him during his show.

They talk about anything: the weather, music or just life in general. There are always one or two who like to make life difficult.

"Drunk listeners make loud, obnoxious demands and bother the late-night deejays, but 99% of callers are just happy to talk to someone else who's still awake," Martinengo says.

This "red-eye" shift is a one-man show par excellence. Martinengo plays the music, answers calls, cues the ads and replies to e-mail, and appears to love every second of it.

Pulling the microphone closer, he prepares to get intimate with the nation.

With a wicked grin, he says: "I may look like a zombie 19 out of every 24 hours – but hey, it's my life!"

Undercutting people power in office and factory

Star 5/2/96 (355)

THYS DULLAART

Living in hope ... experts say the new Labour Act could mean less hostility between workers and bosses. Others are not so certain.

The contracting out of labour on a freelance basis is a growing trend. This has serious implications for workers and unionism. Glenda Daniels reports.

South Africa is following the world trend towards contracting out labour and employing people on a freelance basis.

Some experts see this as an insidious move by big business, designed to undercut the power of the unions. Others say it is essential if South Africa is to become globally competitive.

Johannesburg labour lawyer Anton Roskam says that the trend rationalises operations for employers but weakens the collective bargaining powers of unions.

The trend is particularly strong in big companies, he says. Right now, he is dealing with an increasing number of such cases in the transport and mining industries.

"Unfortunately, unions appear to be in a weak position to fight the trend effectively," Roskam says.

He cites two examples. A transport company recently sold off a whole division to another company. The employees still wear the old uniforms of the previous company, yet they are not able to be union members, with their former colleagues.

If a truck driver is paid per haulage, he loses out on holidays and sick leave. The driver can also lose out on medical aid and sometimes even the year end increases which unions negotiate. Being contracted out means that a worker is not protected by the Labour Relations Act, as it stands, says Roskam.

Contract labour means that the terms of working conditions change without consultation. Under such circumstances, Roskam says, workers often lose pensions and other benefits.

Roskam cites another example, this time in a gold mining company. A section of the company believed hostels should be sold off to another company. In this way, the mining company would absolve itself of all responsibility for living conditions or any political instability, says Roskam.

"Even though the company themselves built the hostels, the attitude now is mining, not accommodation, is our business," says Roskam.

These days secretaries are also faced with the issue. More and more advocates' secretaries, for instance, are being paid per typed page, rather than a full-time salary. In this way, overheads are reduced.

Besides selling off divisions, the trend is also happening at a more general level. When individuals join a company, they are asked to sign a contract for a year, which might not be renewed. Employees do not receive the usual benefits, such as medical aid and pension schemes. And often, Roskam says, because they are employed on a contract basis, they are scared to put a foot wrong.

Contract labour has enormous advantages for companies, he says. They take on less responsibility for fewer employees. This means that companies can terminate contracts more easily. Also, unions can lose members, which weakens them.

Roskam says that there is job insecurity when workers know their contracts can be terminated at any time. This makes a worker, on contract, less likely to join in union activity.

But there is a downside for companies, he says. If there is a lot of job insecurity, it is bad for production and there is less loyalty to a company.

Unions, he says, are keen to fight contract labour, but the law as it stands at present does not favour them.

But there is hope, he says. With the amendments to the Labour Relations Act (LRA), due to be implemented this year, the situation should change so that there is more protection for workers, he says.

For instance, there is a clause which suggests a company has to go through a fair procedure, before it decides not to renew a worker's contract.

The spirit of the new LRA is to create a less hostile climate in the workplace, with more co-operation between employer and employees. The point is, to reach reasonable joint decisions, with harmony and less hostility.

So, by engaging in contract and casual labour, companies are actually acting against the spirit of the new LRA, Roskam says.

Labour consultant Duncan Innes of the Innes Labour Brief disagrees with Roskam on the potential power of the new LRA. He does not believe that the new LRA will make much difference.

"The trend in contract and casual labour in South Africa is part of a world trend. Companies are under pressure to become more streamlined. They have to be globally competitive. It seems inevitable that the trend will grow," Innes says.

Govt, unions might have to renegotiate salary plan

BD 6/2/96 (355) (~~250~~)

David Greybe

CAPE TOWN — Government and public service union negotiators could be forced, because of a lack of funds, to renegotiate a "breakthrough" R21bn two-year salary plan agreed to last year, sources said yesterday.

Negotiators are to tackle the issue at the central chamber meeting of the Public Service Bargaining Council in Cape Town in a fortnight.

Sources in both camps yesterday indicated a "willingness and flexibility" to negotiate a longer-term salary plan — up to four years — in a bid to resolve the problem. Both sides stressed their intent to seek a plan designed to avoid a new spate of industrial action similar to last year and stop the loss of skilled professionals to the private sector.

Union agreement to the plan last October was conditional on:

- Government acceptance of the Public Service Commission devised plan;
- Public Service Minister Zola Skweyiya raising the necessary funds, and;
- Government commitment to a radically new grading system which addressed "structural problems".

However, Skweyiya has admitted to securing only R6,5bn of the R9,1bn needed for salary increases in the 1996/97 financial year from Finance Minister Chris Liebenberg.

Union officials expressed concern about Skweyiya's chances of raising the extra 1 R12bn for the 1997/98 financial year. Skweyiya said initially departments and government at national and provincial level would have to make up the 29% shortfall through restructuring. However, he has encountered resistance from them.

Skweyiya's office yesterday declined to comment.

Public Servants' Association GM Casper van Rensburg said that in the light of Skweyiya's apparent failure to get the funds, negotiators should contemplate a "more financially viable plan" over three or four years. The plan's success would depend on government commitment to "carry through" the R2,6bn shortfall in the 1996/97 financial year, he said.

Labour shake-up

Government green paper proposes shorter work week

ARG 13/2/96

CLIVE SAWYER, Political Correspondent

(355)

LABOUR Minister Tito Mboweni has unveiled a green paper which proposes the reduction of working hours to 45 a week and the removal of restrictions on Sunday work.

Other measures proposed in the paper, which is not yet government policy and is still subject to formal debate with business and labour, include:

- Adjusting the system for compensating overtime.
- Permitting more flexible working arrangements such as compressed working weeks and the averaging of working hours to be introduced by collective bargaining.

The paper represents a longer-term commitment to reducing the working week to 40 hours a week.

"This will require a comprehensive and integrated approach involving legislation and national agreements."

Talks on the green paper will lead to a draft Employment Standards Bill to be tabled in parliament in the second half of the year.

This will replace the Basic Conditions of Employment Act and the Wage Act.

The legislation forms the second major pillar of labour law reform following the passing last year of the Labour Relations Act.

Mr Mboweni said the law had to be revised to be consistent with the constitution and the new Labour Relations Act.

The national strategy to further reduce hours of work will be carried out in the context of promoting job creation, productivity, human resource development and wage compensation.

This strategy could include a framework agreement to be implemented in various sectors, taking into account their specific needs, and a timetable for reduction of working time.

Also proposed for possible inclusion in this strategy is an investigation by an Employment Standards Commission and the setting of sectoral employment standards in unorganised sectors.

Special provisions for small business and technical assistance for social partners are also being considered.

The green paper proposes a "code of good practice" for employers to protect the health and safety of workers.

It proposes new regulations for night work, providing for a 20 percent premium for night work and special steps to protect the health of night workers.

On public holidays, the green paper proposes new legislation to allow workers to exchange official public holidays for other days off.

It proposes greater flexibility to bargain collectively on the administration of sick leave, while the right to paid sick leave at present levels will be retained.

Maternity and family-related provisions have been earmarked for reform.

Children younger than 15 should be prohibited from working unless a ministerial exemption is obtained.

Children between 15 and 18 will not be permitted to do work hazardous to them.

Provisions in the Labour Relations Act on unfair dismissal and individual labour practices will be transferred to the new law.

The paper proposes a four-week notice period for all workers.

Workers should have the right to be given written particulars of their employment.

Employers should not be able to discriminate against workers who exercise rights given them by the legislation.

Speaking for Cosatu, Nactu and Fedsal, unionist Ebrahim Patel welcomed the release of the green paper. He said the three labour federations would discuss a joint position on it.

Bokkie Botha, speaking for organised business, said some aspects of the proposals would prove controversial, notably those on working hours.

Govt plan on work benefits

(355)

POLITICAL WRITER

THE government will today release far-reaching proposals governing working hours and conditions of employment, such as maternity benefits and leave.

It will also cover overtime work, Sunday work, rest periods, night work, shift work and child labour.

Minister of Labour Tito Mboweni will submit the proposals today to business and labour leaders in Cape Town, his spokeswoman, Ms Shireen Singh, said yesterday.

The document was for discussion and was likely to provoke intense debate, she said.

The Ministry of Labour expected it to lead to the adoption of an employment standards law during this year's parliamentary session, Ms Singh said.

CT 13/2/96

Green Paper proposes shorter working week, more overtime pay

BD 14/2/96 (355)

Renee Grawitzky and Alan Fine

A GREEN Paper on minimum employment standards has proposed more flexible working arrangements, a one-hour reduction in weekly working hours to 45 hours and a higher overtime pay rate.

The paper, which was released yesterday, is a discussion document not yet endorsed by the Cabinet. It represents the first step towards amending and unifying the Basic Conditions of Employment and Wage Acts.

Labour Minister Tito Mboweni said 18 months ago that he wanted a 40-hour week to be phased in. The immediate legislation of a 40-hour week was not considered in the document, but provision has been made for it to be phased in.

Key points include the extension of legislation to cover a wider range of employees, consideration of "non-standard" employment including temporary and contract labour, a four-month job security guarantee for pregnant women and three days paternity leave.

Other points are a ban on child labour and inspectors being authorised to issue administrative penalties to employers contravening the legislation.

It also proposes an increase in paid annual leave to three weeks, an increase in overtime paid from time-and-a-third to time-and-a half; abolishing restrictions on Sunday work; provision for rest periods and a maximum spread-over period of 12 hours a day.

The paper, drafted by labour department official Lisa Seftel and labour lawyer Paul Benjamin, will be subject to public debate and negotiations, including in the National Economic, Development and Labour Council (Nedlac). Labour director-general Sipho Pityana said it was hoped Parliament would pass an Employment Standards Act by year-end.

Government concerns about growth, investment and job creation are accommodated in the proposal of a model of "regulated flexibility" intended to "balance the protection of minimum standards and requirements of labour market flexibility" in the face of international competition. The document argues that flexibility could be achieved by private agreements overriding certain clauses of the legislation — a route which could be pursued except where it impinges on a fundamental right and where such a change could affect the "public interest".

The Green Paper proposes that employees in sectors previously not covered by the Acts like the farm, domestic and public sectors be covered as well as

Continued on Page 2

Green Paper

(355) BD 14/2/96

Continued from Page 1

workers not traditionally included under the definition of "employee".

With the increased use of subcontractors, the document proposes that an employer who uses "a labour-only contractor" could be held jointly and severally liable if the contractor violates any employment standards.

Security force and intelligence service members, unpaid employees of charitable organisations and trainees would be excluded.

Mboweni said he hoped business and labour would reach consensus. Labour representative Ebrahim Patel said the unions sought a law which balanced equity and growth, and would seek to raise the questions of pay for women on maternity leave. Business SA's Bokkie Botha said business would assess the document on the extent to which it added to employment costs and to which it would create jobs.

See Page 6

A 40-hour week will require accord, says Green Paper

(355)

Reports by Renee Grawitzky BD 14/2/96

THE legislated phasing in of a 40-hour week — expected to be one of the most controversial clauses incorporated in the Green Paper on proposals for a new employment standards statute — was not included in the proposals yesterday.

The Green Paper released in Cape Town instead proposed that such an aim could not be "realisable by legislation alone", but could be encouraged by agreement between the main stakeholders.

The Green Paper stated that achieving a 40-hour week and an eight-hour day was its ultimate objective, in line with International Labour Organisation conventions and recommendations.

The core proposals, according to the document, sought to remove "rigidities and excessive limits", to support job creation, to ensure time worked did not affect employees' health and safety negatively, and to enable the formulation of flexible arrangements by collective bargaining.

An initial reduction from 46 or 48 hours to a 45-hour week was proposed. There would be further reductions subject to consultation with the main stakeholders, and possible implementation of those reductions through framework agreements at sector or plant level.

The drafters repeatedly stated that the economic realities would be a determining factor in reducing working hours, and that such a policy should not be proposed in isolation of strategies being formulated aimed at job creation.

A reduction in working hours, the drafters stated, had to be accompanied by the consideration of whether it would be compatible with job creation and not job losses; possible increased costs; the need for employees to be compensated for reduced working hours; the limitations in specific sectors and the effect on productivity.

The move towards a framework agreement in a specific sector or company would have to provide for a "phased timetable for the reduction of working time"; special provision for small business and technical assistance in implementing reduced hours.

In anticipation of employer reaction to a 40-hour week the document tried to address such concerns and outlined possible advantages of a trade-off between reduced working hours and the introduction of more flexible working arrangements, introduced only by agreement.

The document also examined health and safety considerations arising from implementation of certain working time arrangements. It was proposed that "working time must be arranged so as not to endanger the health, safety or welfare of the employee, other employees or the community".

BETTER DEAL FOR WORKERS

Wide changes in job laws planned

CT 14/2/96

(355)

A WORKING week of 40 hours and more protection for part-time workers are among the objectives of a Green Paper released yesterday. **BARRY STREEK** reports.

Sweeping proposals to improve working conditions are expected to be debated by Parliament this year, says Minister of Labour Tito Mboweni.

A Green Paper released yesterday says the goals of the labour reforms should include a 40-hour week, maternal and paternal leave, a minimum paid holiday of three weeks and the scrapping of the ban on Sunday work.

If the proposals are adopted, they will transform working conditions for all South Africans and particularly farm, domestic and part-time workers.

The director-general of labour, Dr N B Pityana, said public comments should be made by April 12. Once these had been studied, an Employment Standards Bill would be drafted for consideration by the partners in the National Economic Development and Labour Advisory Council (Nedlac) and parliamentary committees.

The bill would be submitted to the cabinet on June 30 and debated by Parliament after the winter recess, Pityana said.

The Green Paper says part-time workers should be entitled to the same protections as full-time workers on a proportional basis and that employment standards should be extended to contract workers.

The Wage Board's name should be changed to the Employment Standards Commission and its functions extended.

The legislation should cover all employees except unpaid charity workers, trainees and those in the security forces and intelligence agencies.

The Department of Labour is committed to reducing the working week to 40 hours, but in the interim this would be reduced to 45 hours and from 60 hours to 48 hours for security workers. No employee could work more than 12 hours a day.

Mboweni said the Green Paper also proposed that the ban on Sunday work should be lifted. "It is clear that the restrictions on Sunday work have all but collapsed."

Overtime pay should be 1½ the normal rate and double on Sundays. No one should have to work three successive Sundays and employees would be entitled to be paid for public holidays.

Every employee should be entitled to a rest period of 36 continuous hours, including one complete day, in every week.

Workers should be entitled to four months' maternity leave and women should not work for six weeks after the birth of a child. A woman on night work or work that could be harmful to her or her child would be entitled to suitable alternative employment during pregnancy and a year after the birth of her child.

Child labour may become offence

POLITICAL WRITER

AN estimated 200 000 children aged between 10 and 14 are employed as child labour — and this practice should be ended, Minister of Labour Tito Mboweni says.

Although it was not clear how many were in part- or full-time jobs, about half these children were employed in agriculture, Mboweni told a press conference.

In his Green Paper, children under the age of 12 would be prohibited from being employed. Ministerial exemptions could be granted to children aged 12 to 14 if the work was not likely to be harmful to their health or education. Contraventions should be a criminal offence.

New deal for workers

(355) Sowetan 15/2/96

The Green Paper on new employment standards is set to revolutionise South Africa's labour relations. Labour Reporter Abdul Milazi looks at the finer points

THE GREEN PAPER on new employment standards published by Labour Minister Tito Mboweni on Tuesday is set to revolutionise labour relations in South Africa and ensure that all workers' rights are protected by law.

Although still subject to negotiation by organised labour, business and the Government at the National Economic Development and Labour Council (Nedlac), the new legislation plans to include farmworkers and domestic workers.

Addressing Parliament, Mboweni said the proposed legislation was aimed at ensuring that the country's employment standards meet the Government's social and economic goals as outlined in the Reconstruction and Development Programme.

The planned new legislation will replace the Basic Conditions of Employment Act (BCEA) of 1993 and the Wage Act of 1957, which also left out millions of workers in sectors deemed as essential services, and sectors where there were no organisational and bargaining structures.

Current laws

The green paper looks at the current laws that regulate employment standards and their problems. It also proposes themes for the development of new legislation.

The BCEA and the Wage Act set minimum standards for the majority of workers in South Africa, and are therefore the formal basis of the employment conditions of millions of workers in the private sector.

Although the BCEA covers areas such as working hours, overtime and overtime pay, annual leave, sick and maternity leave, it does not set minimum wages.

"The department believes that the BCEA and the Wage Act should be revised and replaced by a single law regulating statutory employment standards," said Mboweni.

These were employment creation, improving living standards, improving productivity and reducing social inequality. He said that the success of the proposed legislation depended on certain areas of social reform.

For example, the provisions concerning sick leave pay would depend on reforms to the health system, while strategies to regulate child labour depended on the reconstruction of the education system.

The proposals for improving the enforcement of employment standards also appear in the draft Mine Health and Safety Bill, prepared by the Department of Mineral and Energy Affairs, mining unions and employers.

Mboweni said under current legislation, many workers are excluded from the scope of basic rights and they work without legal protection.

Labour Minister Tito Mboweni ... his green paper on employment standards will revolutionise South Africa's labour relations.

Others have very limited protection or minimum standards which are harsh or excessive.

"Furthermore, the systems for enforcing rights and encouraging compliance with standards (of laws) have become ineffective. Many of the standards are also rigid and restrict the productive arrangement of work and working time which hampers productivity and efficiency," Mboweni said.

He further argued that some provisions of the BCEA – such as child labour, maternity leave and wage determination – could be challenged under the new Constitution.

Criminal courts

He also pointed out that the enforcement of legislation through criminal courts was only advisory, ineffectual and did not encourage compliance with employment standards.

"The BCEA and the Wage Act are inconsistent with the Labour Relations Act and other laws administered by the Department of Labour. This undermines the effectiveness of the department," Mboweni said.

He further argued that the protection of workers' rights in these Acts was not integrated with unfair labour practice jurisdiction, while the Wage Act did not apply to the agriculture and domestic sectors.

The green paper proposes a legislative model of "regulated flexibility" which is aimed at balancing the protection of minimum standards and the requirement of labour market flexibility.

Mboweni said "regulated flexibility" had two main aspects – the protection and enforcement of revised basic employment standards and the establishment of rules and procedures for the variation of these standards.

"The new legislation must provide for the variation of employment standards through collective bargaining, sectoral determination for unorganised sectors, administrative variation and individual contracts of employment," Mboweni said.

Proposed legislation

Besides farmworkers and domestic workers, the proposed legislation would also protect vulnerable employees such as contract workers, temporary and part-time workers.

The Ministry of Labour further proposed that members of the security forces, such as the military and intelligence services, should be excluded from the new legislation.

Also excluded would be unpaid employees of charitable organisations and trainees.

The Minister of Labour would have the power, in consultation with the relevant Minister, to exclude the application of any provision of the Act to members of the South African Police Services and employees of educational institutions.

The Minister would also have the power to exclude the application of any provision of the Act to employees earning above a defined level.

Significant changes include the proposal for the regulation of child labour, an increase in the number of paid leave days from two to three weeks and the call for women to get four months' maternity leave (during which jobs would be secured). The green paper also proposes a 40-hour week.

Although the green paper was welcomed by labour, business expressed concern about the impact of the proposed changes on the economy. The green paper will be submitted for debate in Nedlac this week and will be published in the Government Gazette for public comment on February 23.

It will then be submitted to the cabinet on June 30 in the form of a Bill, and is expected to become law before the end of the year.

Business says no to shorter working week

(355) (9)

FRANÇOISE BOTHA AND JAMES LAMONT

CT (BR) 15/2/96

Cape Town — Business leaders have rejected the government's call to reduce the working week to 40 hours, saying it will reduce productivity and be inflationary.

The proposal was in the government's Green Paper on new employment standards released earlier this week. It recommended an initial reduction to a maximum of 45 working hours a week, which would come into effect on January 1 next year. A further reduction to a 40-hour work week was suggested for the following year.

The move would push wages up by 3,7 percent if employees continued to work a 45-hour week and the additional 5 hours was paid at an overtime rate of time-and-a-third.

Sacob and the Small Business Development Corporation (SBDC) have requested that small and medium-sized businesses be given the freedom to create jobs within the economy.

In response to the Green Paper on labour legislation, Gerrie Bezuidenhout, Sacob's director of labour affairs, warned against snaring business with unnecessary legislation.

Bezuidenhout recommended that negotiation over the Green Paper might make "flexibility the norm rather than heavy legislation in the labour market".

He said employers and employees should be allowed to come up with their own solutions.

Though unable to comment on the details of the paper, Jo Schwenke, the managing director of the SBDC said that central bargaining and closed-shop legislation would erode the job creating abilities of small- and medium-sized businesses if made universal.

Many of the advantages of small business over big plants would be swept away should collective bargaining legislation be applied, he said, insisting on a separate deal for small enterprises.

He said trade unions and business needed to talk about ways of encouraging employers to employ more people, not less.

Increased labour standards could prove costly — BSA

BD 16/2/96 (355)

Renee Grawitzky

BUSINESS SA (BSA) has expressed concern about whether the Green Paper on employment standards could achieve a balance between maintaining labour standards and ensuring that legislated costs of employment were not imposed to the detriment of employment creation.

BSA spokesman Adrian du Plessis said yesterday the labour ministry's Green Paper — released this week — proposed to increase labour standards. "The hard question arises: how much will it cost and who is going to pay?"

Similar concerns about job creation and economic growth have repeatedly been expressed by government. This week, President Nelson Mandela advised clothing and textile workers that government remained committed to job creation.

Business SA released a working document yesterday outlining the principles which should underpin new legislation to regulate minimum employment standards. It was drafted prior to the Green Paper's release.

The document has been presented to Labour Minister Tito Mboweni.

BSA's document outlined current economic realities and said impediments to job growth and protection were excessive labour market regulations, particularly those relating to minimum wages and other conditions of employment such as maximum working hours.

The document argued that legislation had to strike a balance between protecting "vulnerable workers and ensuring that the costs of employment are not forced by regulation to the point that the unemployed poor cannot get jobs".

Legislation should regulate conditions of employment only in industries or workplaces not covered by collective bargaining arrangements. This included agreements concluded in workplace forums.

Business sources said despite the apparent flexibility provided in the Green Paper to enter collective agreements to override certain clauses, this could occur only through agreements that were reached in bargaining councils.

Issues which could be subject to such agreement were very limited and too prescriptive, they said.

BSA argued that the introduction of a 40-hour week would be detrimental to a major part of the economy.

International research had indicated that such a reduction negatively affected the cost of production and with it, economic growth, inflation, balance of payments, government finance and even employment.

BSA said employment legislation should establish an employment commission to oversee employment standards and employment creation.

COMMUNICATION UBER ALLES . . . Labour Minister Tito Mboweni says his proposed new Employment Standards Act will not be set in stone but will allow for "variation" Picture: TERRY SHEAN

Flexibility is the key to Mboweni's deal-making

ST 18/2/96 (355)

By RAY HARTLEY
Political Correspondent

WHILE his cabinet colleagues droned their way through parliamentary briefings this week, Labour Minister Tito Mboweni invited information-saturated journalists to his house for a party.

With a fire crackling in the background and jazzy sounds blowing out across the garden, he wandered around chatting to the media about this and that.

The party at Mr Mboweni's Cape Town home was not an attempt to buy off the press, but a testimony to his anchoring belief that the simple, obvious notion of "communication" is the cornerstone of successful policy-making.

It was communication, he says, that brought about consensus between government, business and labour on last year's ground-breaking Labour Relations Act.

Invariably, the conversation at the party turned to his policy proposals for new employment standards which he released for public comment this week.

Some six weeks before releasing the document, which proposes limitations on working hours and other conditions of service, Mr Mboweni informally began communicating with business and labour, asking for comment on draft versions.

"Before we released the document, we had another meeting, saying: 'This is what it is, these are the differences between the version you saw and this one,'" he says.

For good measure, a further meeting was held with parliamentarians sitting on committees interested in the proposals.

Mr Mboweni's strategy of "communication uber alles" might be put to the test in the coming months as unions and business fight over the implications of his proposed changes to the work environment.

What Mr Mboweni is attempting to do is to introduce certainty between employers and employees on the basic structure of the working day and how they are paid for what they do beyond the call of duty.

The question is, says Mr Mboweni, leaning forward in his light brown leather armchair: "What happens when Joe goes to get employed by Tom?

"Tom should be able to say to Joe: 'Joe, you start work at eight o'clock, you work so many hours a day and you have so much leave after your first year. If you work on Sundays, this is what will happen according to the law.'"

The law in question would be the Employment Standards Act which will be drafted after the conclusion of the current policy debate.

While last year's Labour Relations Act determined how trade unions and employers should bargain with each other over wages and industry-wide conditions of employment, the new Act will govern relations between individual workers and their employers.

The legislation will set minimum standards, with a specialist body called the Employment Standards Commission researching industries to work out bottom lines below which workers should not be pushed.

Along with conditions of employment, the commission could also set minimum wages in an industry.

A key proposal contained in this week's policy draft is the reduction of the length of the working week by one hour to 45 hours — a shift in the direction of Mr Mboweni's goal of establishing a 40-hour working week.

And the policy document suggests increasing minimum annual leave from two to three weeks.

The question that is being asked by critics of the proposals is whether or not it will increase the unit cost of labour by cutting down hours and forcing higher pay for overtime work.

For the same money, employers would now get less work, forcing them to choose between higher labour costs and cutting down on production.

In the context of President Nelson Mandela's identification of "jobless growth" as a key weakness in the South African economy, it is a fear that Mr Mboweni will have to convincingly lay to rest.

But the concerns about the impact of his policy on job creation are unfounded, says Mr Mboweni.

Instead of paying the extra premium for overtime work, he says, companies could pay the same wage per hour as normal to a fresh shift of workers, leading to more employment.

"We have to look for ways all the time of trying to create one or two jobs. At least it's something, some wage in somebody's pocket," he says.

And, in a further answer to his critics, he has invented a classic politician's paradox, something called "regulated flexibility".

It is a notion that underscores Mr Mboweni's belief in the power of deal-making to come up with the right answer. Instead of setting conditions, minimum wages and hours in stone, he says the policy allows for "variation".

"I'm saying: 'Lets get some deals here, flexibility must be built into the process,'" he says.

Apart from certain rights which can't be varied — prohibitions on child labour, discrimination and unfair labour practices — everything else would be up for grabs in negotiations between unions and employers.

Driving Mr Mboweni's belief in the value of social compacts is his social democratic philosophy, a position that strikes the balance between the ANC's socialists and its fiscally conservative right.

It was a philosophy underscored by the thunderous applause given to Norwegian Prime Minister Gro Harlem Brundtland when she addressed Parliament this week.

"It's fair to say that one of the reasons the ANC in exile got on so well with the Scandinavian countries was because of some commonness in thinking and approach," Mr Mboweni says.

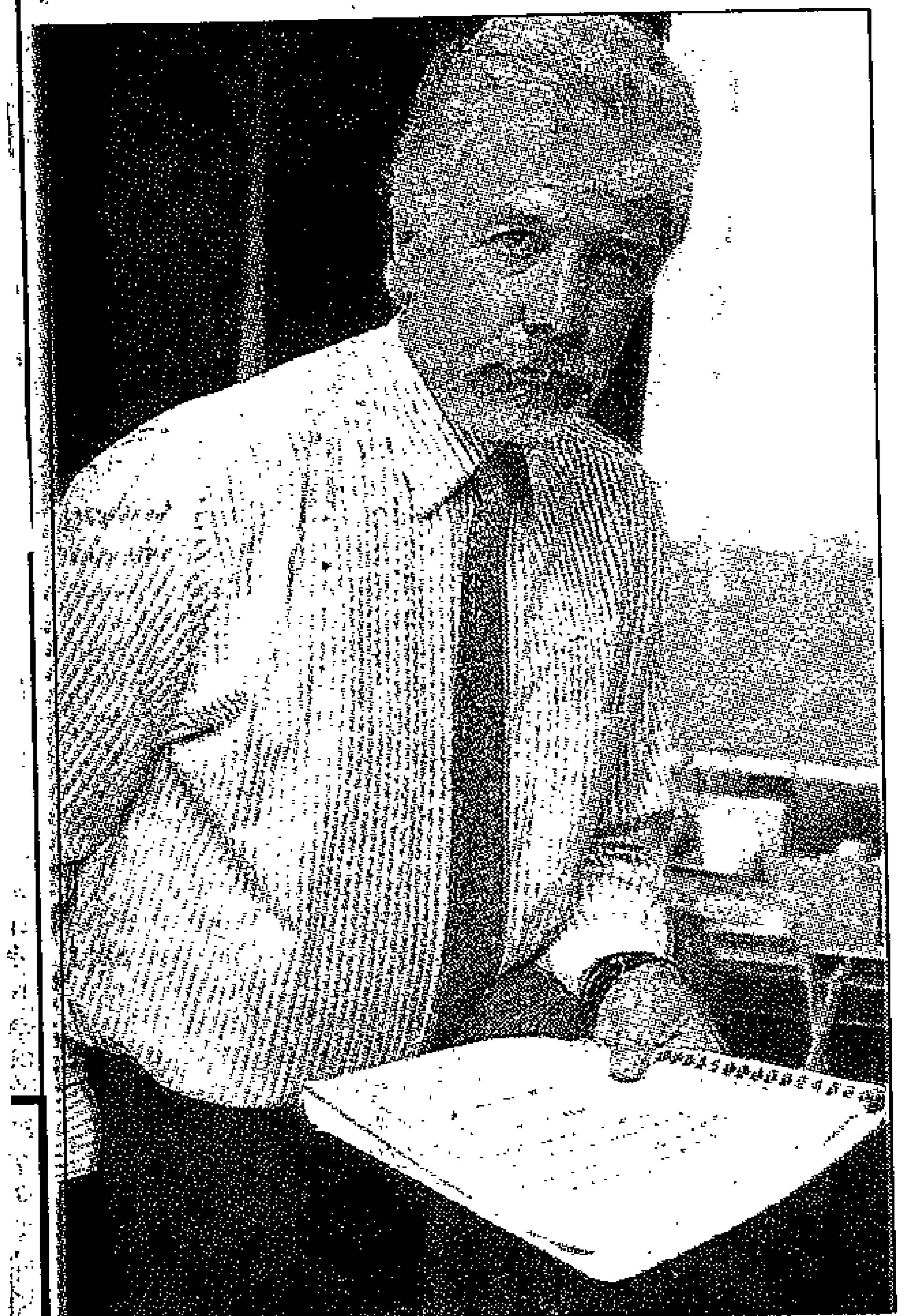
Underlying this approach is his suspicion that "left to itself, the free market will just go crazy".

To take his mind off his deal-making troubles, Mr Mboweni has been reading a book on the information superhighway.

Flipping through Nicholas Negroponte's *Being Digital*, Mr Mboweni settles on his favourite passage.

"I think of myself as an extremist when it comes to predicting and initiating change. But, when it comes to technological and regulatory change as well as new services, things are moving faster than I can believe. There is obviously no speed limit on the electronic highway. Such is life in the fast lane of the infobahn."

THE LABOUR DEBATE



CONCERNED . . . Bokkie Botha says the proposals will stem job growth Picture: RUVAN BOSHOFF

Worker-friendly law will impede job creation, say employers

(355) ST 18/2/96

By SVEN LUNSCHE

This week's announcement of sweeping changes to basic conditions of employment — such as reduced working hours and longer leave — are the second pillar of the Minister of Labour, Tito Mboweni's planned network of legislation to govern labour relations in South Africa.

The controversial Labour Relations Act, which will come into effect on Workers' Day, May 1, and future proposals by the Labour Market Commission on minimum wages look set to create a working environment that will be "extremely labour friendly", according to employer organisations.

"The latest recommendations on employment standards should take this country firmly on the road to a basic living wage for all workers," Mr Mboweni told labour and business delegates at the presentation of the Green Paper on employment standards.

Mr Mboweni stressed that the Green Paper did not represent government policy, but employers have expressed fears that some of the proposals would lead to sharp cost increases and impede job creation.

Mr Mboweni hopes to present the Employment Standards Act to the cabinet in June to replace the existing Basic Conditions of Employment Act.

The Green Paper suggests a limit of 45 hours a week, from 46 hours. To avoid employers resorting to overtime, work outside the 45 hours should be limited to 10 hours and compensated at a rate of time-and-a-half, rather than time-and-a-third. Furthermore, night workers should receive an additional 20 percent while double pay should be awarded for Sunday work. However, other restrictions on Sunday work would be lifted.

The paper also improves minimum paid leave from two to three weeks, offers women four months maternity leave, and gives men three days paternity leave. Under the proposals the regulations would be extended to previously unprotected sectors, such as part-time, farm and domestic workers.

Special attention is being paid to the burgeoning security industry, which could have its working week slashed from 60 to 48 hours. In effect this means the industry would have to change its two-shifts-a-day structure to a three-shift day.

Underlying this approach is the Department of Labour's belief that shorter working hours and more expensive overtime will force employers to increase staff complements.

It is a mistaken view, argues Business SA's Bokkie Botha in a document on minimum conditions of employment, released prior to the Green Paper.

"Excessive labour market regulations, in particular those related to wages and minimum conditions of employment, are among the major impediments to job growth and job protection.

"The weight of international evidence shows that reduced working hours are ultimately harmful to stability, growth and job creation," says the document.

Mr Botha welcomes the proposals which prohibit child labour and protect the rights of women and minorities, but is concerned about the cost of the other regulations on employment creation.

"The urgent imperative of labour-market reform is to ensure that the market functions in a way that it underpins an employment-maximising growth path," says the document.

Mr Botha is confident that the Green Paper does not necessarily reflect the government's final position and that a law on new employment standards is still a long way off.

The paper will be tabled at Nedlac this week.

Business, labour set to clash over new proposals

Star 19/2/96 (365)

By Justice Malala
Labour Reporter

Business and labour are set to clash over clauses in the green paper on new minimum employment standards released by Labour Minister Tito Mboweni in Cape Town last week, with working hours being the main bone of contention.

The 1,6 million member Congress of SA Trade Unions said it was disappointed at the proposal of a 45-hour working week with a commitment to moving towards a 40-hour week in the future.

It said the reduction of working hours, which in some industries were as high as 60 hours a week, would force employers to hire more workers and thus create jobs.

But business's main voice, Business SA (BSA), said: "The introduction of a 40-hour working week would have severely detrimental effects on a major part of the South African economy.

"By far the majority of international research done in this regard indicates that the imposed reduction of the working week has a negative effect on the cost of production and therefore on economic growth, inflation, the balance of payments, government finance and, over the medium to longer term, even employment," it said.

The green paper will be debated by stakeholders in the National Economic, Development and Labour Council (Nedlac) later this year. It is expected to be presented to Parliament in its second session this year and to be implemented in 1997.

Cosatu said it was delighted that the paper proposed that all workers be covered by the new legislation, and that it was an immense victory for domestic and farm workers, who were previously excluded.

It said it was fully behind the inclusion of vulnerable workers, such as part-time employees.

BSA said workers covered by collective agreements, youth workers, trainees, small employers, new employees or novices and casual workers, and those who earned commission should be excluded from the new laws.

Cosatu said it would also be looking at the measures proposed to enforce the new legislation, and where necessary to propose tightening of the measures.

And another battle may be looming on the issue of minimum wages. At the unveiling of the green paper, Mboweni said the Labour Market Commission, which has to decide on the issue, would release its report this year.

BSA said rigid employment conditions and the setting of minimum wages were onerous for a developing economy and would damage the employment-creating capacity of South Africa's economy.

(365a) (355)

Mandela urges SA's women to fight for equality in rural areas

Star 24/2/96

President Nelson Mandela yesterday urged women activists to take the struggle for gender equality to rural areas.

"There is work to be done in the rural areas as well to try to get women out of this idea that men are superior to them," he said at a Kempton Park conference on gender and women's empowerment.

Mandela presented the United Nations Development Fund for Women anniversary award to ANC MP and veteran activist Albertina Sisulu on behalf of South African women.

The award was given to the South African Government during a UN conference on women in China last year in recognition of its efforts to advance women.

The struggle for gender equality was urgent and would benefit men and women, Mandela said. "The cause of women's emancipation is part of our national struggle ... that demands equal effort from both men and women."

Parliament would as a priority adopt legislation this year to establish a gender commission that would focus on women's needs and how to meet them.

MANDELA: Struggle will benefit men as well.

Sisulu (78) had given her entire life to liberation, Mandela said.

He described her as having personified the struggle, from her role in a women's march to the Union Buildings in Pretoria in 1956 to her joint presidency of the United Democratic Front.

"Today she is laying a firm basis for our young democracy and for reconstruction and development," he said.

To Sisulu he said: "You belong to a category of people we can't do without."

Mandela was best man at Sisulu's wedding 52 years ago. – Sapa

Employers lose control of benefits

355

Business Editor

ARG 24/2/96

EMPLOYERS will no longer have it all their own way in deciding on employee benefits for their workforce once the new Labour Relations Act comes into force.

According to Jenny Richter, consultant with Old Mutual Actuaries and Consultants, the new law will be a turning-point for employee benefits.

Employers' power to make decisions on pension, provident and medical aid funds will be reduced because of greater employee participation through representative trustee boards and workplace forums, she says.

Greater transparency is also on the way. Stronger information disclosure requirements in the Act will give employees better access to information, enabling them to compare benefits between funds and to influence decision-making.

The Act may also herald a significant shift towards industry-based funds, Ms Richter says. Centralised collective bargaining over employee benefits issues is likely to be reinforced.

She urges employers to take early action rather than waiting to see the effects of the new legislation on employee benefits.

Early action could remove the potential for dispute over employee benefits issues, leaving employers and unions free to concentrate on issues with more direct workplace impact, Ms Richter says.

EU nations cut wages and working hours

(355) 28/2/96

Renee Grawitzky

JOB sharing, accompanied by a reduction in hours of work, a ban on overtime and a cut in wages, was being pursued by a number of European countries in their continuing fight against rising unemployment, a report in the latest Time magazine said.

The report explores a number of examples where this option has been pursued either in an attempt to preserve or to create jobs.

A number of European unions had agreed to limit wage increases and ban overtime in exchange for job creation. However, the article argued that "job creation still lags way behind job losses".

In the much-quoted agreement between IG Metall and Volkswagen in Germany, workers agreed to a 15% wage cut in response to a 20% reduction in hours of work from 36 to 28,8 hours a week.

The green paper on new employment standards released recently by the labour ministry attempts to promote employment creation by proposing a reduction in hours of work coupled with the introduction of more flexible working arrangements which would enable employers to allocate resources more effectively.

The aim is to reduce actual hours worked by creating a disincentive to work overtime, so that employers will be forced to employ more people.

It was however, proposed that employees "be compensated for the reduction in working hours".

French economist Alian Grielen argued: "It is not thinkable that we would maintain full-time jobs for a diminishing part of the population while we pay more and more indemnities to an increasing number of unemployed. The only solution in the post-industrial society will be job sharing."

Unlike German, French and Spanish economists and unionists, British economists and employers appeared far more critical of this approach.

A British economist claimed that job sharing led to rising labour costs per unit of production while an employer warned that "sharing succeeds only if the two people involved are similarly competent; otherwise the better worker eventually gets taken on full time and the other is laid off."

Some of the causes "of Europe's chronic inability to create jobs" were highlighted. These included "heavy taxes, high minimum and average wages along with other employment costs, featherbedding labour laws, lavish welfare benefits and regulations that smother entrepreneurship".

The US had created more than 7,8-million jobs since January 1993 while the 15 European Union members created only 296 000. This was achieved as a result of weak unions, a low minimum wage, "great freedom to hire, fire and set pay levels", low taxes, a weak currency and a booming high-tech sector, the report said.

Ultimately, however, the US and its workers paid a price — no job security, a drop in real wages and a "growing cadre of the working poor, people with full-time jobs who are still stuck in poverty".

Govt submits improved wage increase proposals

BD 29/2/96 (355)

Renee Grawitzky

GOVERNMENT has advised public sector unions that its proposals relating to wage increases — incorporated in a new grading system phased in over three years — could amount to a minimum of 7,5% to a maximum of 40%, depending on job categories.

This formed part of discussions during the third day of negotiations within the central chamber of the Public Service Bargaining Council, sources indicated yesterday.

These estimates constitute a marked increase from the initial proposals tabled by government last year where minimum increases were calculated at 4,25% upwards.

Debate and discussions have continued within the chamber around government's other core proposals tabled which form part of an overall package related to right-sizing, voluntary severance packages and pension benefits.

Sources close to the negotiations claim because government was restricted by monetary constraints its only option to granting reasonable wage increases was to renegotiate previous agreements reached regarding the utilisation of pension money.

On the other hand, union sources claim, labour itself faced certain constraints and had to come to terms with agreeing to wage increases knowing it would be doing so at the expense of its membership facing retrenchments.

Labour, was also trying to achieve a common mandate. This could prove difficult as the 20 or so unions within the public service have different political allegiances.

Public service ministry spokesman Thandeka Gqubule said talks were still in the preliminary stages. She said reported claims of unrest looming in the public sector had no basis.

EMPLOYMENT STANDARDS

RAISING BARRIERS

The Labour Department's Green Paper on proposed employment standards foreshadows important legislation affecting the labour market, whose inflexibility, according to business and the National Productivity Institute, is the main reason for our high unemployment.

So the crucial question is whether the proposals — to reduce the work week to 45 hours, increase leave to three weeks and raise the rate for overtime — will lower barriers to formal employment.

Business doubts it, fearing that the unit costs of labour will be driven up and the economy's labour absorption capacity reduced — to the detriment of the jobless, who number about 4,6m or 33% of the economically active population.

The Green Paper is intended to replace the Basic Conditions of Employment Act and the Wage Act in one new statute. It is a discussion document and will be debated and refined at Nedlac before going to parliament. It forms part of Labour Minister Tito Mboweni's five-year plan to change the world of work based on the need to increase employment.

Mboweni hopes in five years to reduce the work week to 40 hours, in line with International Labour Organisation guidelines. His advisers would argue that long working hours could mean less productivity and, like excessive overtime, be an impediment to job creation.

Anglo American's Les Boyd, who presides over Business SA, says: "There are some good aspects, such as the child labour ban, protection for women and lifting the restriction on Sunday work. But we need more flexibility, not less. The new Labour Relations Act was not necessarily good for job creation and further restrictive legislation, like reduced working hours and more leave, is not what SA needs to create more jobs."

Mboweni and the drafters of the document are acutely aware of labour market needs, the imperatives of global competition and of combating unemployment through growth.

Much emphasis is placed on flexibility. The term "regulated flexibility" is used, which, applied to working time, for instance, leaves open options for a "compressed" work week and "averaging" the 45 hours over longer periods.

On overtime, a possible trade-off is proposed whereby overtime is paid at the normal rate in exchange for longer time off. Flexibility includes provision, within limits, for private and union agreements to override or vary certain clauses.

NO SWEAT SHOPS

Working hours by industry — employees and production workers — 1995

Industry	Production workers			Employees		
	Standard	Overtime	Total	Standard	Overtime	Total
Metals, Engineering	43,5	5,6	49,1	41,7	1,8	43,5
Textiles, garments	42,2	4,0	46,2	42,0	[illegible]	[illegible]
Chemicals	42,8	5,2	48,0	41,0	1,2	[illegible]
Food processing	44,4	4,0	48,4	42,0	1,4	[illegible]
Paper & Printing	41,0	7,5	48,5	39,9	1,9	[illegible]
Other	43,7	4,1	47,8	41,9	0,8	[illegible]

Source: Dept of Labour

In its proposals to the department, Business SA says it has tried to define a way of reconciling the protection of labour standards among the employed, with the extension of formal employment opportunities to the unemployed.

Hence the organisation favours "phasing in application of the Act in respect of youth (who constitute the bulk of the unemployed), novices and pioneer industries, which would all contribute to greenfield wealth and employment creation."

Some employers say rising standards of compliance could lead to a switch towards labour-saving technology. Cosatu, by contrast, "believes the reduction of working hours will force the bosses to employ more workers and create more jobs." ■

Labour paper out today

(355) sowetan 1/7/96

By Mokgadi Pela

THE much-awaited Green Paper on Affirmative Action is to be published in Pretoria today.

The document is expected to suggest ways of eradicating all forms of discrimination based on race, gender and disability in the workplace.

The policy formulation process has now reached a point where a Green Paper on Employment and Occupational Equity has been drafted and is published for further consultation with the public.

The comments received will be analysed and then taken into account when preparing a draft Bill.

The Green Paper, which has already been tabled before Cabinet, will be the subject of negotiations by members of the National Economic Development and Labour Council.

Terms of reference

Communications director in the Department of Labour Mr Jerry Majatladi said yesterday the terms of reference for the Employment Equity Drafting team were to:

- Advise the department on key elements of employment equity policy that could serve as a meaningful intervention towards removing discrimination in occupation and employment.
- Advise the department on how provisions of the International Labour Organisation could be integrated into policy formulation processes in order to ensure that South Africa meets her obligations in this area and;
- Advise the department on how to translate the Constitutional provisions of equality, human dignity and freedom into labour policy.

Majatladi said the Green Paper will be out today at 2.00pm.

Attorneys

Progress made in employment talks

BD 1/7/96 (355) (466)

Renee Grawitzky

LABOUR, government and business are said to be moving closer on four controversial sections of the green paper on employment standards — the phasing in of a 40-hour week, the scope of the proposed legislation, the variation of standards and maternity leave.

When the green paper was published, Business SA expressed concerned as to whether it could achieve a balance between maintaining labour standards and ensuring that legislated costs of employment were not imposed to the detriment of job creation. In particular it opposed the introduction of a 40-hour week.

Negotiations have attempted to trade off between a 40-hour week and increased flexibility. Parties are exploring options around the phasing in of a 40-hour week over a number of years, achieved through a national framework agreement.

Within this context, various options could be explored relating to working a compressed week, where employees work up to 12 hours per day at normal rates of pay, to averaging working time over a cycle longer than one week.

Sources have indicated that disagreement could result over whether the legislation would make any reference to a 40-hour week.

Intense debate has taken place around the scope of the proposed legislation and which type of workers and elements of business should be excluded. Labour has opposed business's demand for the partial exclusion for small business and pioneer businesses.

Business has emphasised the need for flexibility and has demanded that employment standards could be negotiated below the minimum standards through collective bargaining. Government has proposed four months (unpaid) maternity leave linked to job security. This has been opposed by business which has proposed that the current three months unpaid leave apply. Labour has proposed a minimum of six months paid leave. Sources indicated that the parties might agree on a lesser, but paid period.

Elements within some constituencies feel the negotiations have been shrouded in secrecy. This has been greater than that during the Labour Relations Act negotiations, they say.

However, National Economic Development and Labour Council executive director Jayendra Naidoo, who was brought in to act as chairman halfway, said parties were attempting to explore options to reach agreement on an overall package of issues, which necessitated that they did not negotiate through the media.

Inflation forces new wage talks

Renee Grawitzky

EMPLOYERS and trade unions which are party to the three-year vehicle manufacturing and tyre agreements entered into last year have had to revisit certain clauses of the agreement due to the decline in inflation.

National Union of Metalworkers of SA spokesman Tony Kgobe said yesterday that in terms of the three-year agreements signed in both industries, the parties would have to revisit the section relating to the wage model if inflation fell either below 8,5% in the case of vehicle and below 8% for tyre or if it rose above 14%.

He said during discussions with the employers, the union had proposed a 14% increase for those workers on the minimum of each grade and 12% for remaining workers. Kgobe said employers indicated that they could not go beyond the published inflation rate of 5,9% as it would impact on the wage model, but thereafter proposed a 6% across-the-board increase and an additional 2% to increase the minimum.

Auto Manufacturing Employer Organisation chairman George Stegman said that during discussions both parties had concurred with the need to uphold the intent and spirit of the agreement and in that vein would have to find agreement on the wage issue.

Spokesman for the tyre industry Juan Dewelzin said the agreement only provided that parties should review the wage model which excluded negotiations on an across the board increase.

BD 1/4/96

Erwin denies claim of down-phasing

BD 1/7/96

John Dludlu

TRADE and Industry Minister Alec Erwin has dismissed claims from business that government has accelerated its tariff reduction programme to levels far below SA's offer to the Uruguay round of GATT talks.

Erwin told the SA Labour Bulletin: "The notion that there has been a dramatic down-phasing of tariffs is in general not true."

He is quoted as saying only 5% or 10% of SA's tariffs are above the binding offer made by government to GATT. Actual tariffs are in virtually all cases below the offer. The exceptions were clothing and textile, motor vehicles and certain electronic goods.

Some labour sources have called for the tariff reduction programme to be slowed down, especially as it has not been accompanied by supply-side instruments to assist industries undergoing restructuring. However, Erwin says no one has made a conclusive case that the sole reason for job loss is tariff protection. "The reason is industry is overprotected and will not sustain itself over time."

He points to the motor industry: "How are you going to compete in the car industry when you've got seven plants, the average throughput of those plants is 50 000 to 60 000 cars, and a Japanese plant produces 400 000?... The longer you leave the delay, the worse your position is."

Erwin says training should have "high levels of generic training ... portable skills. You can't have training that will equip you only for the chemical industry, because that industry will change."

Affirmative action plan lauded

CT (PR) 2/4/96 (366)

By Christo Volschenk
ECONOMICS EDITOR

Cape Town — The Green Paper on employment and occupational equity released yesterday by Tito Mboweni, the minister of labour, drew an early positive response from business and labour.

Both camps lauded it as a "reasonable and balanced approach" to the emotional issue of affirmative action.

But the model for affirmative action proposed in the Green Paper is a much tamer and more flexible approach than the one proposed by the Black Management Forum (BMF), labour experts said.

The Green Paper proposes that every employer be compelled to have a comprehensive affirmative action plan for the accelerated hiring, training and promotion of black people, women and the disabled.

The plan must also include goals and timetables for implementation, it says.

A few hours after the release of the Green Paper, neither business nor labour was in a position to comment in depth on the government's proposed model for affirmative action.

Business South Africa (BSA) and the Afrikaanse Handelsinstituut (AHI) said they were quite happy with the general direction taken.

The Federation of South African Labour specifically welcomed the fact that quotas have been rejected.

Bokkie Botha of BSA said there were no surprises in the Green Paper and a spokesman of the AHI said the fact that penalties for non-compliance have been dropped was encouraging.

Both camps promised to respond comprehensively in the coming weeks.

The one organisation that may have most reason to distance itself from the Green Paper, the BMF, could not be reached for comment yesterday.

The BMF, for instance, insists on quotas while the Green Paper specifically rejects quotas.

In a previous position paper on affirmative action, the BMF said "experience has proven that voluntary targets and quotas do not work – they should be enforced by law".

Some resistance to the Green Paper must thus be expected from the BMF.

Considerable resistance is expected from the Black Management Forum

The Green Paper also does not propose to penalise non-performers or slow performers with big fines.

While the BMF model is primarily aimed at rectifying past injustices at the white-collar level of middle and senior management, the Green Paper model has a wider perspective aiming to assist all levels of employment.

The BMF wants 30 percent of non-executive directors and 20 percent of executive directors of companies in the company register to be black by the year 2 000 — and not only for companies listed on the stock exchange.

The Green Paper merely suggests that employers report regularly on progress made.

In other respects, the Green Paper model seems to be less directive and prescriptive, and better at balancing the interests of the employer and employee.

The Green Paper model identifies the end goal and then gently nudges employers in the direction of that goal — to be reached by employees more or less in their own time and along routes they choose for themselves.

"At this stage the need for affirmative action to rectify the wrongs of the past is not in dispute any longer. The only issue up for debate is how best to tackle the problem," said Botha.

The model contained in the Green Paper is not government policy but a starting point for discussion.

"We look forward to the debate," said Bokkie Botha.

A lot is at stake for business and the debate on the most appropriate affirmative action model for South Africa will no doubt drag on for months and become emotional at times.

CT(BR) 2/7/96

Green Paper backs carrots and sticks

356

By Thabo Leshilo

Johannesburg — The government plans to favour companies that promote affirmative action and to punish those who do not comply.

These and other far-reaching proposals were announced yesterday by Tito Mboweni, the minister of labour, in the Green Paper on employment equity.

Besides being favoured for government business when tenders and contracts were awarded, affirmative action companies could also receive subsidies in the form of training grants from the department of labour or tax incentives from the department of trade and industry.

In terms of the proposed law, companies that fail to comply could be fined and stricter penalties applied in cases of repeated discrimination and the failure to develop "acceptable" employment equity plans.

Mpho Makwana, the director of equal opportunities at the department of labour, said the Green Paper was aimed at redressing "disadvantages emanating from past racial policies and, as far as possible, to ensure the accommodation of differences between people in the workplace".

The paper proposes that measures to achieve employment and occupational equity should be centred on eradicating unfair discrimination in hiring, promotion, training, pay benefits and retrenchments.

Employers should also be encouraged to remove unjustified barriers to employment and to speed up training and promotion for the previously disadvantaged.

Makwana said the employment and occupational equity policy, once adopted by government, would be part of broader measures to promote overall social and economic equality.

Income

He said the need to promote employment equity was made more urgent by the deep inequalities in income between blacks and whites, with blacks, especially women, at the bottom and whites at higher income levels.

Makwana said at least one in three black employees earned less than R500 a month in October 1994, compared with less than one in 20 whites. A third of black people earned under R500 a month, against only 5 percent of whites.

Disparities in occupational categories showed that "in top management, only half of black people earned more than R2 000 a month, compared with three-quarters of whites".

The Green Paper calls for the accelerated training and promotion of blacks, women and people with disabilities to foster equity while promoting greater productivity and economic growth. It also calls for the prohibition of racial and sexual harassment.

The institutional framework and enforcement mechanisms proposed include a directorate of equal opportunities to guide policy formulation and implementation and to monitor compliance with the proposed law; a labour inspectorate to monitor and enforce activities that do not require highly specialised knowledge; and bargaining councils to handle sector-specific issues such as training and education schemes.

Mboweni denied the allegation that the proposals would result in job reservation — this time in favour of blacks. He said the paper aimed to bring equity to ensure the country took full advantage of all its people's skills.

☐ **See Personal View, Page 16 and business reaction, Page 22**

Green paper proposes subsidies and sanctions to promote job equity

BD 2/5/96 (355) (~~166~~) (~~13~~)

Renee Grawitzky

GOVERNMENT has been advised to look at a range of subsidies and investment and tax incentives for training to entice employers to draft and implement employment equity plans, including affirmative action schemes.

The green paper on employment and occupational equity, released by the labour department's equal opportunities directorate yesterday, tries to provide an "enabling environment" in which employers and stakeholders can implement such programmes. The paper is to be discussed with business and labour before the tabling of a draft Bill in the next session of Parliament.

It is intended to facilitate implementation of measures to advance people from disadvantaged groups (blacks, women and the disabled), remove discriminatory practices and create an environment that acknowledges and addresses diversity in the workplace.

The labour department's equal opportunities director, Mpho Makwana, said the proposals in the green paper were intended to shift the focus from affirmative action programmes, which had become discredited, to creating employment equity in the workplace.

This focused on eradicating unfair discrimination in recruitment, promotion, pay, training and benefits, along with encouraging employers to undertake organisational transformation to remove unjustified barriers to employment for all and to accelerate training and promotion for individuals from historically disadvantaged groups".

Labour Minister Tito Mboweni said the proposals should not be seen as reintroduction of job reservation. The intention was to ensure that discrimination did not become a permanent feature of society. "We are blowing the whistle for the end to discrimination and to achieve equity" which would lead to efficiency in the economy.

In terms of the green paper employers need to conduct internal audits and formulate employment equity plans with employee representatives.

Employers would not have to comply with quotas, but would have to set targets and timetables. Larger employers would have to submit plans to the department and smaller employers would have to submit plans when applying for government contracts. Those who failed to promote equity could face fines or be ineligible for government contracts. There would be a legal obligation to implement approved plans.

Employer decisions on recruitment practices, training, grading and pay could fall under public scrutiny. Information from internal audits would have to be given to the department.

Green paper to encourage equity in the workplace

(355) BD 3/7/96

RENEE GRAWITZKY

POLITICAL transformation, it is often argued, has not been coupled with a corresponding transformation of the economy — which still reflects the inequalities of the past. This is despite attempts by managers to promote "equal opportunity" by placing a few black faces in high places.

The measures proposed in the green paper on employment and occupational equity released this week are intended to encourage "equity in the workplace in ways that help improve the overall distribution of income while fostering a more productive economy". This, it is argued, requires temporary measures such as affirmative action to kick-start the process.

The green paper, however, makes minimal reference to this politically charged term. This poses the question of whether the coyness is a deliberate attempt to fudge the issue in the same way that government, instead of referring to privatisation, speaks about "restructuring of state assets" so that its proposals sound more palatable.

Or are the proposals a real attempt to avoid tokenism and give workers on the ground tangible opportunities to improve themselves through much-needed human resource development.

Whichever way the proposals are phrased, one has to question government's capacity to implement them in view of recent labour department budget cuts.

The labour department's equal opportunities director Mpho Makwana says the plan is to shift the focus away from affirmative action programmes, which have become discredited due to the way in which they were implemented, to creating employment equity. This is the goal of the green paper, he says.

The labour ministry firmly believes its new strategy will improve the lot of workers "on the ground" and not merely be seen to benefit aspirant black managers.

The intention of the drafters was to create an "enabling environment" and flexibility by encouraging employers to develop, in consultation with employees, their own employment equity plans.

Such plans would include measures to ensure the eradication of discrimination in recruitment, promotion, pay and grading, training and benefits, along with plans to transform organisations which would remove "unjustified barriers to employment for all and to accelerate training and promotion of individuals from historically disadvantaged groups".

In theory, companies, in formulating such plans, would have to review current practices around grading, qualifications and skills required for particular jobs, hours of work and transport needs to ascertain whether they are discriminatory on the basis of race and gender.

Labour Minister Tito Mboweni says that such proposals will meet demands that have long been made by unions.

Workers on the ground tend to be sceptical of affirmative action measures as they are seen to promote one or two black people to the top without opening up opportunities for the majority of workers. Meaningful change for workers would have to come in the form of the removal of old discriminatory practices as well as a real opening up of opportunities for training and regrading. If legislation fails to make inroads in these areas, it will merely perpetuate current trends of empowering a few at the expense of the majority.

The green paper stresses that employees internally and externally should be able to question employer decisions relating to recruitment practices, salaries, training decisions and grading.

The attainment of employment equity, would require "employing organisations" — the paper does not define such organisations — to conduct internal audits and the resulting information would have to be submitted to the labour department and could become public knowledge.

All employers would be required to provide key data on a regular basis, while large companies would have to submit equity plans for approval to the labour ministry. Smaller companies would only have to submit such plans if requested by stakeholders or to receive government subsidies or contracts.

Those failing to implement such plans could face fines or the denial of government contracts, subsidies and other incentives.

Such policy proposals are based on the view that, left to their own devices, private companies would not rectify discrimination in the labour market. "The unaided action of market forces seems unlikely to achieve that end."

Therefore, government could give itself substantial powers to demand and process information, monitor progress, enforce planning requirements where desirable and veto employment equity plans.

In addition, government would provide advice and support and foster the resolution of disputes. This emphasis on government intervention could prove to be a weakness of the green paper as it presupposes capacity within government to police and enforce compliance.

In moving towards ensuring employment equity, all parties involved will have to guard against the trap of "affirming" a minority of previously disadvantaged people — at the expense of the majority.

Another tricky area will be in ensuring that measures such as affirmative action do not lead to the development of dysfunctional relationships between blacks and whites in the workplace as a result of there being no incentive to engage in honest dialogue for fear of being "politically incorrect".

Jobs green paper welcomed by range of organisations

(366) BD 3/7/96

Renee Grawitzky

A WIDE range of organisations has welcomed the release of the green paper on employment and occupational equity although the NP, in initial comment, has expressed concern over what it sees as a prescriptive intervention in the labour market.

While Cosatu has not yet commented, the Federation of SA Labour Unions (Fedsal) welcomed the sincere efforts by the labour department to address the "touchy issue of affirmative action". Fedsal said the empowerment of disadvantaged groups could be achieved through active training, which remained one of the cornerstones of a successful affirmative action plan.

Business SA spokesman Bokkie Botha said it would respond in due course but emphasised that green paper proposals were not aimed solely at business but at all employers, including the state. He expressed concern at the timeframes proposed for discussion of the proposals which would be insufficient to provide "time to come to sensible conclusions".

Sacob said it welcomed the fact that the paper did not envisage introduction of quotas and focused instead on the setting of voluntary affirmative action targets. But it was concerned about the nature of increasing obligations being imposed on business.

Positive

Caroline White of the Centre for Policy Studies and part of the drafting team said the proposals fitted into the general notion of trying to move SA into better practices in human resource development. This, she said, was one reason why the country was so uncompetitive.

White emphasised that the proposals were positive in their attempts to focus on the shopfloor. But, sight should not be lost of where the real power lay. Attention should be given to ensuring change at senior levels of organisations, which remained dominated by whites.

She said unions tended to see the top echelons of organisations as black elites. However such an elite did not have its hands on the levers of economic power, she said.

Loyiso Mbabane of the Black Management Forum said figures compiled during last year showed only 3,3% of senior management positions were occupied by blacks.

Mbabane said certain proposals in the green paper were worrying as they tended to provide a relatively high level of flexibility.

Although his organisation and Nafcoc favoured targets, the green paper did not provide parameters or guidelines for targets. Government should have been bold enough to state that companies by year X should reflect the demographics of their surroundings.

Comment: Page 12

Friday August 2 1996

12 big unions locked in combat over wage disputes

(355) (356)

By Goba Ndhlovu

Star 2/8/96

The past two weeks have seen 12 major trade unions deadlocking over wages.

A third party has been engaged to end a strike by about 100 000 South African Clothing and Textile Workers' Union (Sactwu) members. Charles Nupen of the Independent Mediation Commission has begun mediation between the union and employers, and by yesterday both parties were cautiously optimistic about a settlement. Sactwu is demanding 10% across the board, while management is offering 8%.

The National Union of Metalworkers of South Africa (Numsa) is involved in two deadlocks, one in the tyre industry, the other with the Steel and Engineering Industries Federation of South Africa.

In the tyre industry, Numsa has agreed to settle with management and its artisan members have shown wage solidarity by accepting an 8% increase.

But a rival union, the South African Workers' Union (Sawu), formerly Yster en Staal, is demanding 9%. Sawu has objected to the lowering of the demand.

In the Seifsa negotiations, the deadlock is caused by Numsa and two other unions which insist that the public holiday penalty clause in the industry's main agreement be scrapped.

According to Seifsa, employers have improved their last offer of between 8% and 9% to between 8,5% for skilled workers and 9,5% for the unskilled.

Numsa has rejected the offer, including management's readiness to amend the penalty clause.

At Impala Platinum in Rustenberg, 25 000 members of the National Union of Mineworkers (NUM) have gone on strike.

The union is demanding between 8,5% and 12%.

The South African Catering Commercial and Allied Workers' Union (Saccawu) has deadlocked with Dions Stores, Clicks, Edgars Group and City Lodge Hotels Limited. The union is demanding 11%, but have been offered 9%.

The Metal and Electrical Workers' Union of South Africa, a Nactu affiliate, is still deadlocked at Robert Bosch in Faraday.

Seven more deadlocks are clustered around Transnet. They are South African Railways and Harbours Workers' Union, Transnet Allied Trade Union, the Black Trade Union of Transnet, the South African Footplate Staff Association, the Technical Workers' Union, the Employees' Union of South Africa and Salstaff.

Sarwhu, Tatu and BTUT want R233 or 19%, but the remaining four unions are prepared to settle at 8%. Management is offering 4,5%. One of the main reasons for the deadlocks is differences between the unions.

Companies use contract labour to slip council nets

ST (BT) 4/8/96 (3558) (...)

By CIARAN RYAN

THOUSANDS of companies are using contract workers rather than paid employees to circumvent the restrictive clauses of the Labour Relations Act, according to the Confederation of Employers of SA.

For many small businesses this is a way to escape the clutches of industrial councils, which set minimum wage and working conditions for workers in different industries. There are roughly 90 industrial councils, made up of trade unions and employers from the larger companies.

Cofesa says the industrial council system "protects the interests of about 24 500 employers against outside competition and about 850 000 workers against 6-million unemployed".

Small businesses complain that industrial councils are stifling competition by allowing larger firms and trade unions to impose onerous costs of compliance on smaller firms.

"As a result of these anti-competitive practices, businesses are less willing to take on new employees, and many are now switching to contract labour," says Cofesa director Hein van der Walt. "We are inundated with calls each day from businesses being harassed by bureaucrats from industrial councils. If the government is looking for reasons why job creation is not happening, it should start with the industrial council system."

In a case of "petty bureaucracy gone mad", Van der Walt says the Industrial Council for the Iron, Steel, Engineering and Metallurgical Industry summonsed Russian immigrant Yefim Monastursky to appear before a magistrate for non-payment of pension fund contributions on behalf of a worker for a period covering 11 days in 1994. The amount in question was a few hundred rands. Monastursky's company, Day Motion, manufactures sports equipment, including table tennis tables. Despite repeatedly advising the industrial council that the worker had left his employ in 1994, the council refused to withdraw the summons.

When approached by Business Times, David Levy, general secretary of the council, said he would not be pursuing the case: "For the cost of a phone call (as opposed to the cost of an attorney) your tormented employer could have called or faxed me or any of my managers and the problem would have been resolved. Anyway, bearing in mind that the poor chap didn't have the funds to pay his employee a minimum wage, I presume his attorney is providing his services on a pro-deo basis, so apart from tying up the resources of the council and the Department of Justice, at least the viability of his ping-pong table line is not under threat."

Monastursky says he is far from finished with the industrial council.

He plans to bring an action against it for damage caused to his business. Two years ago Monastursky was successfully prosecuted by the industrial council for non-payment of R7 000 in unpaid registration fees and the contravention of the industrial council's official agreement. Monastursky now has a criminal record for this violation. Day Motion was not a party to the industrial council's agreement, but was nonetheless bound by it.

Tom Cawood, managing director of the award-winning company Annies Creations, closed his East London business after a long battle with the local industrial council for the clothing industry, despite winning a court case against the council in which it was determined that the council's agreements did not apply to Annie's Creations.

Cofesa says it brought the arrests and detentions of employers to the attention of President Nelson Mandela who ordered an investigation by the Department of Justice. It also launched an international awareness campaign to alert South Africa's trade partners to the continuation of the old apartheid practice of "job reservation".

Now it plans to bring a case before the Constitutional Court on the grounds that industrial councils violate freedom of economic activity and association. "With the industrial councils in place, no labour-intensive industries will get off the ground in South Africa," says Van der Walt.

Coercion will not aid employment equity programme

JD Verster

(355) (66) (70) 07/8/96

WHILE the recently released green paper on employment equity rejects set quotas, it nevertheless introduces an element of coercion into the labour relations field.

All companies will be required to conduct audits to provide information on possible discriminatory practices in areas such as hiring, promotion, training, pay, benefits and retrenchments and submit this information regularly to the labour department.

Larger companies are required to submit equity plans which, once approved, they would be legally obliged to implement. Companies failing to submit plans would face fines, and a departmental inspectorate will police the system.

If a company is not genuinely committed to introducing employment equity (for whatever reason), regulation is unlikely to change its attitude and approach, and there is a danger that affirmative action in such a context may become a sham.

To coerce or bribe companies into adopting affirmative action measures is not in line with the underlying objectives of equal opportunity in the workplace. The green paper unfortunately places the emphasis on compliance with government regulation rather than with achieving employment equity and non-discrimination.

Government regulation might create more representative-looking boardrooms, management and other senior employee categories, but it is unlikely to create optimal human resource development in a discrimination-free environment. While the elimination of overt discrimination by employers is a legitimate aim, burdening employers with reducing inequalities not caused by discrimination is unacceptable.

The issue is not whether special measures should be adopted but how best such measures will work in practice and whether the long-term objectives will be achieved. Firms should pursue their equity employment obligations with the seriousness and commitment that is required.

Rather than submitting to regulation, companies should be encouraged to opt for assistance and advice on a voluntary basis from specialist agencies or government bodies geared to facilitate the introduction of employment equity programmes.

A situation in which voluntary practices and processes develop and are implemented will lead to genuine affirmative action appointments rather than window-dressing. Organisations that opt not to implement such plans or programmes would, over time, given the current skills shortage, become uncompetitive and unprofitable.

These market realities, rather than coercion in the form of regulation, are much more likely to create effective employment equity programmes.

☐ **Verster is a labour lawyer with legal firm Webber Wentzel Bowens.**

EWS

Star 18/9/96

Wage gap narrowing

(355)

The wage gap between the public sector and the private sector is narrowing, according to trade unions and the Government.

Figures released by the Ministry of Public Service and Administration show that the new grading system and large public sector wage increases will narrow the gap over the next three years.

With this year's 30% increase which took the wages of general assistants from R900 to R1 425, the civil service moved closer to the private sector. Clerical workers in the public sector earn between R2 000 and R3 000 while the average for the private sector is R2 500. At mid-professional level, teachers and nurses earn R3 500 while the private sector average is R5 000.

Public Servants' Association secretary-general Casper van Rensburg said "aggressive salary moves" in the public sector were narrowing the gap, but this would "bankrupt" the state.

"You would need another R28-billion in cash and we cannot afford that." – Political Reporter.

Low wage is difference between a meal and starvation

(355) BD 20/9/96

Low wages may be a price worth paying to build the SA economy, argues Thami Mazwai

THIS was the introduction to the main story in the Singapore newspaper The Straits Times last Saturday: "Come back to work. We will train you ... and even give you $100 for your transport and meals while you go through training. There are 18 employers with more than 3 000 jobs open.

"You may be able to work part-time or flexi ... this offer to housewives, older people and others who are not employed comes from the bosses, the labour movement and the government."

Singapore is frantic as it looks for labour. Unemployment is negative (about minus 10%). As I fly to Malaysia from Singapore, I compare their negative unemployment to our staggering 40% or more. Should we not, I think to myself, have another look at the Urban Foundation's Growth for All economic policy proposals and, in particular, the suggestion for two labour markets, one regulated as at present and the other unregulated.

I know such sentiments justifiably evoke anger or concern from many in the black community. Having spent half their lives fighting for political freedom, blacks cannot now settle for sub-minimum wages. However, about a quarter of the population, honest to good South Africans and most of them black, including children, did not have a meal in the last 48 hours. These low wages are the difference between a meal and starving for millions of our people.

As far as the world is concerned, we must now fend for ourselves and this means swallowing the bitter pill of economic revival. Hence one looks at how others, for example Singapore and Malaysia, revived their economies.

When Singapore became independent in 1965, it had rampant unemployment with an unskilled work force and a feeble industrial base. This island of 3,5-million people has no natural resources and imports 99% of its food. It had to start from scratch in developing the economy.

Singapore's leaders used labour-intensive strategies to rekindle the economy, offering tax holidays and cheap and stable labour to multinationals setting up shop. Labour bit, screamed and kicked at the low salaries paid to its members. The government put its foot down until labour bought into Singapore Inc.

As thousands of people got jobs and had money, albeit only a little, one thing led to another as demand for goods and services accelerated. Economic phenomena like the multiplier effects of consumption and investment took effect. The economy went through various growth phases. Today it is booming and, as the laws of supply and demand dictate: when labour is in short supply, workers smile all the way to the bank.

Malaysia experienced the same phenomenon and unemployment is down to 3% from 44% in 1969.

Now for our situation. Big business suggests two labour markets. A deregulated market which would be akin to the Singapore and Malaysia experiment where there would be no set wage levels and, secondly, the continuation of the labour market we presently have in terms of the Labour Relations Act and so on.

This approach, as far as I am concerned, would be more dignified compared to what already exists and would urgently address the misery stalking the land. I am talking of blacks standing at street corners begging for alms, with others pleading or whimpering to be employed. "Asseblief baas, betaal my enigiets, my kinders sterf van die honger" they say to any white person who passes.

Middle-aged men and women knock at homes prepared to work for a bag of mielie meal or a roof over their head.

Nobody doubts the sincerity of labour federations Cosatu and Nactu in rejecting this two-tier labour market system. Unscrupulous bosses, and there are plenty, will abuse the system to enhance their profits. The government can guard against this by outlawing child labour, by providing for an arbitration court to guard against unfair dismissals as no unions would be allowed in this deregulated market, and by making compulsory the provision of basic necessities such as health benefits and unemployment tax.

Existing accords and laws for the regulated labour market would have to be rigidly maintained and life, strikes et al, would go on as normal.

I have no doubt that if we take this route we may win the fight against unemployment, which is one of the prime causes of crime and instability. After all, what choice do we have as investors look past or through us as they go where labour is cheapest? Surely, we can only talk of minimum wages when everybody has a job?

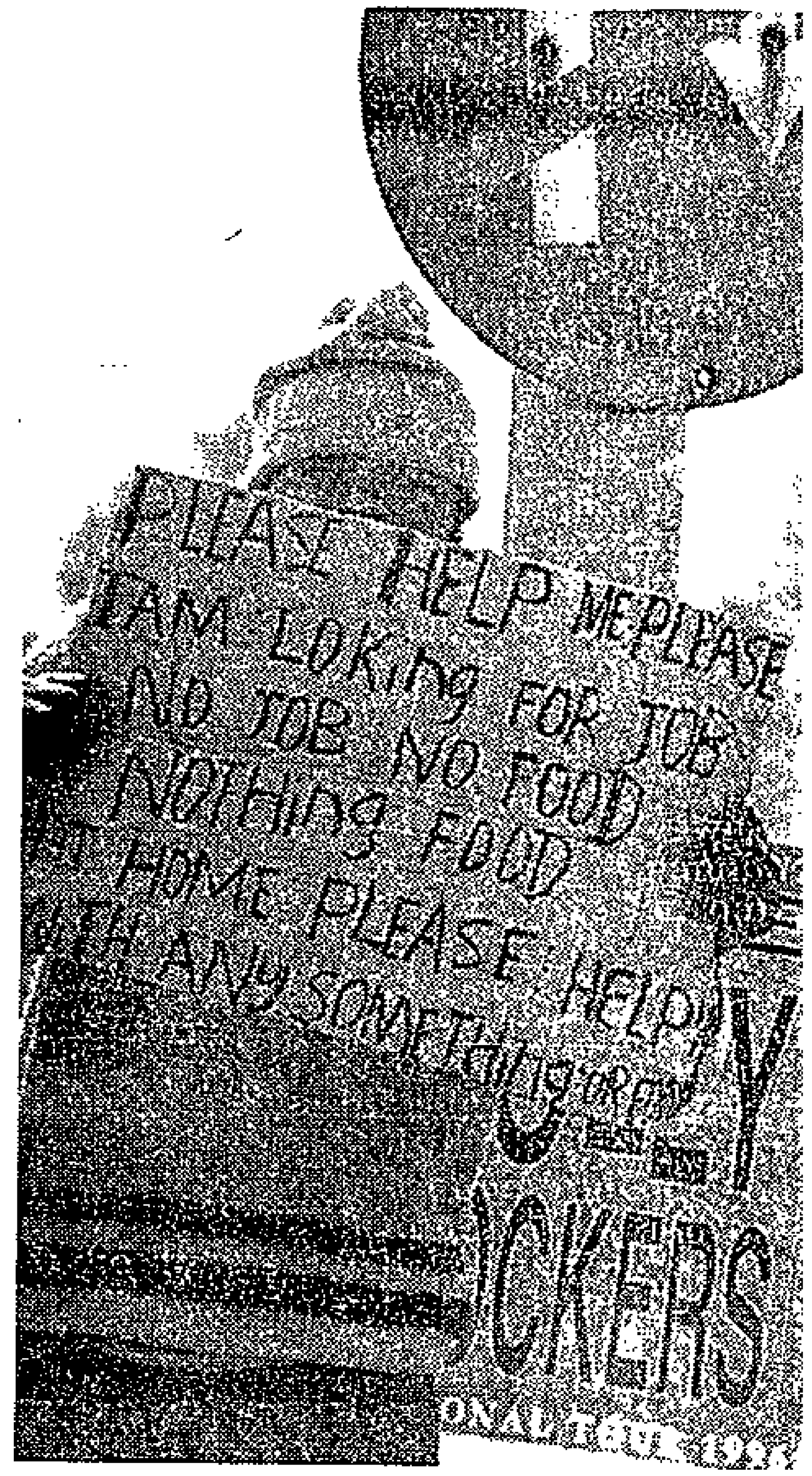
Even now, when we win higher wages in negotiations, people who leave their jobs are not replaced. In any case, how do we feel when we with jobs tell unemployed and starving people with no income, not to accept wages below certain levels? It is all just morally reprehensible.

Despite the anger that may come in my direction for supporting the two labour markets suggestion, I just cannot keep quiet any longer when people continue to stay jobless and starve, and all most of us say is: "Ag shame, he does not have a job". At the end of the day, half a loaf, even a thin wafer of bread, is better than no bread. Particularly when this half a loaf is not the end. It launched Malaysia and Singapore workers to getting whole loaves.

I got angry and jealous in the East in my last 13 days there as I saw their workers rushing to work in the morning while in my country the many unemployed rush to beg at street corners. The formula must be working, because Indonesia, Vietnam, the Philippines and Ghana, to name a few, are trying it.

The entire developing world can't be wrong when some countries, like Indonesia, are already showing results.

□ *Mazwai is editor of Enterprise magazine.*



Half a loaf better than no bread?... The spectre of unemployment continue to stalk SA.

Picture: TYRONE ARTHUR

LING

Unions moderate demands

(355)

Reneé Grawitzky

BD 27/9/96

OVERALL wage settlements of 9,9% for the year to date indicated that unions were moderating their demands in light of the current economic reality, an Andrew Levy & Associates wage settlement survey said.

Although overall settlements for the year to date were slightly lower than previous years, increases were 2% points above inflation (7,5%) and therefore workers had received real wage increases even though they might have been lower than last year.

Andrew Levy & Associates researcher Jackie Kelly said in the latest quarterly report released yesterday that although companies had reported a tough round of negotiations, they were in the main conducted in a good spirit. This did not discount the fact that a number of companies had reported various forms of industrial action.

Averaged settlement levels for unions ranged from 11,2% for the Transport and General Workers' Union to 7,5% for the SA Municipal Workers' Union.

Increases which had been achieved through negotiations within centralised bargaining structures such as Seifsa, rubber and tyre, clothing and mining had averaged at 9,1%, which was slightly less than the 9,9% achieved for overall settlements.

The average minimum wage had been calculated as R1 672 a month. The lowest average minimum wage was paid in the transport sector (R1 065) while the highest average minimum wage was recorded in the automobile industry (R1 808).

LABOUR *Survey shows national pay agreements running at about 10%*

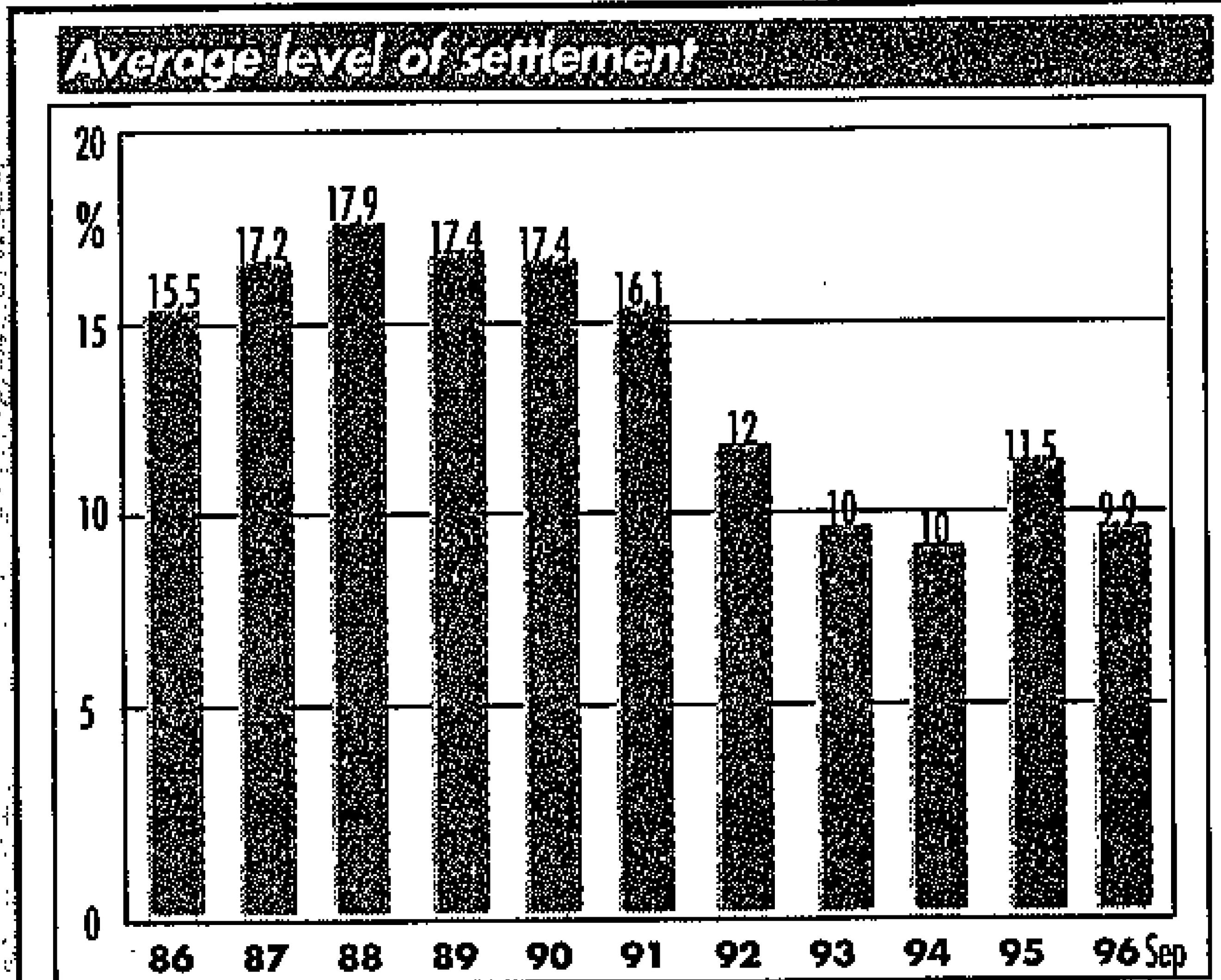
CT (BR) 27/9/96

Unions moderate wage demands

(355)

THABO LESHILO

A new realism? Wage growth steadies



Average settlement level reached with the major unions	
TGWU	11,2%
SACCAWU	10,9%
SACWU	10,6%
FAWU	10,5%
NEHAWU	10,0%
PPWAWU	9,8%
NUFAW	9,4%
NUMSA	9,2%
SACTWU	9,1%
CWIU	8,8%
SAMWU	7,5%

Average minimum wages across different sectors	
Vehicles	R1 808
Chemical	R1 817
Clothing/textile	R1 189
Food	R1 860
Furniture	R1 708
Health	R1 494
Manufacturing/metal	R1 734
Municipal	R1 623
Printing/paper	R1 579
Retail	R1 470
Transport	R1 065

Percentage concluded agreements at centralised level			
SEIFSA	9,75%	Mining - coal	9,5%
Clothing	9%	Chemical	10%
Tyre & rubber	11% (3 yr agreement)	Leather industry (footwear)	7,75%
Vehicle	8,5% (3 yr agreement)	(general goods)	8%
Mining - gold	9%	Average	9,1%

Source: Andrew Levy & Associates

Johannesburg — South Africa's trade unions are displaying a new-found realism by moderating their demands and accepting smaller wage increases, according to the latest research by Andrew Levy & Associates, the labour consultants.

The survey shows that overall wage agreements across industries were 9,9 percent for the nine months to September 30. This was slightly less than the 10,4 percent for the six months to June 30. The figure for the full year is expected to match the 10 percent level reached in 1993 and 1994.

Centralised wage settlements resulted in average pay rises of 9,1 percent; most were reached without strikes. This year's settlements included increased maternity and parental allowances.

Cosatu has come under pressure to moderate its wage demands, especially in light of the government's (non-negotiable) macroeconomic plan, which calls for greater flexibility. . . Although it is opposed to some of the elements of the macroeconomic plan, stating that they fly in the face of the Reconstruction and Development Programme, it has committed itself to engaging actively the government and its alliance partners to find alternatives," Levy said.

The consultancy also found South Africans enjoying a shorter work week as more companies complied with the recommendations in the new Employment Standards Act (ESA) for a 40-hour week.

The delay in the implementation of the new Labour Relations Act (LRA), expected on August 1, confused the labour market because the labour movement was geared up to enjoy more rights under it. The Act comes into force on November 11. The ESA will rewrite the Wage Act and the Basic Conditions of Employment Act, which is expected to go before parliament shortly.

Levy said the implications of the ESA were immense for employment practice and the economy. "The new proposed (ESA) is possibly more important than the new LRA in that it reflects a totally new approach to employment standards, significantly empowers unions and makes participation a key issue."

Finance sector staff ahead in salary race

ST (BT) 29/9/96

Hay Management Consultants' salary survey has some surprising findings.
DON ROBERTSON reports

(355) (68)

WORKERS in the industrial and and financial services sectors should be smiling. Not only were salary increases in the year to July higher than in the comparable period last year, they were well above the inflation rate for all levels of staff.

Executive increases were significantly better than in previous years and, for the first time in many years, the financial services sector, including banks and financial institutions, gave increases above that of the industrial sector.

Traditionally, salaries are higher in Gauteng than in other provinces, but this year's Hay Management Consultants annual remuneration survey shows that this is no longer the case for all levels of employment.

Hay Management survey manager Ivor Solomon says salary packages for professionals and junior level management in the finance sector tend to be lower in Gauteng than in KwaZulu/Natal, the Western Cape or the Eastern Cape, whereas the trend is reversed for all other levels of staff.

Surprisingly, in the industrial sector salary packages as a percentage of the national average are higher in areas outside Gauteng. Solomon believes that a company in East London, for instance, threatened with losing a senior executive, would be prepared to increase the salary to retain the employee. In Gauteng, an executive is easily replaced.

In the industrial sector salary packages are higher in areas outside Gauteng

The "ability to pay" is described as the most important factor in establishing salary increases, followed by the level of profits, the cost of living in an area and the business outlook. With multinationals, the parent company's view of the future in South Africa was a consideration.

Following the downsizing in the industrial sector last year, staff turnover dropped to 10% from 11%, but increased sharply in the finance sector to 16% from 11% in 1995.

The survey shows that increases in car allowances have been substantially higher than the consumer price index, which is considered strange since car price increases have been kept to a minimum because of competition.

Lower-level employees have traditionally paid a larger percentage of their base salaries to medical aid contributions, compared with management and executives. Over the past two years the scenario has changed, with general workers paying less as a percentage and executives more.

Generally, purchasing power at all levels came down substantially between 1991 and 1995, but because of higher increases last year purchasing power has recovered to some extent.

BOERWORS AND BEER INDEX

WHAT EXECUTIVES CAN BUY WITH 1 YEAR'S SALARY

	1991	1992	1993	1994	1995	1996
Cans of beer	90 961	62 531	72 661	72 652	64 229	75 947
Kilograms of boerewors	8 823	9 925	10 653	9 708	9 229	11 100
Citigolf	3,25	3,0	3,08	2,91	2,89	3,18
Mercedes Benz 230E	0,76	0,71	0,70	0,68	0,70	0,89

WHAT STAFF CAN BUY WITH 1 YEAR'S SALARY

	1991	1992	1993	1994	1995	1996
Cans of beer	19 326	20 402	12 468	11 958	10 805	11 732
Kilograms of boerewors	1 874	1 847	1 828	1 620	1 553	1 719
Citigolf	0,7	0,55	0,53	0,49	0,48	0,49

Graphic: FIONA KRISCH
Source: HAY MANAGEMENT CONSULTANTS

PAY DIFFERENTIALS BASE SALARY

	General worker : Clerical/supervisory 100 : 300	General worker : Management 100 : 600	General worker : Senior management 100 : 1000	General worker : Executive 100 : 1500
1996	2,8	5,6	9,6	14,4
1995	2,5	4,8	7,9	10,8
1994	2,5	4,5	7,4	10,6
1993	2,5	4,8	8,0	10,8
1992	2,4	4,5	7,2	9,8
1991	2,5	4,5	7,3	9,9
1990	2,3	4,8	7,9	10,8

Graphic: FIONA KRISCH
Source HAY MANAGEMENT CONSULTANTS

(a) 12 cases were reported during the period July 1995 to July 1996.

(b) An exact amount cannot be determined at this stage but it is estimated that the potential loss exceeds R20 million:

(2) The following steps have already been put into operation:

(a) Stricter control over export consignments including the requirement that a cash deposit be lodged until acceptable proof of export can be produced.

(b) Stricter border control as well as the upgrading of border posts.

(c) Prosecution of transgressors where necessary.

(d) Stricter control at point of manufacture (source) e.g. beer which is duty paid at source therefore eliminating the possibility of illegal exports.

(3) All possible steps are being taken to curb illegal exports of goods. In this case there is close co-operation with the private sector and a considerable number of successes have been achieved as a result of information made available by the private sector.

A task group known as the Customs Law Enforcement Task Group consisting of representatives from Customs and Excise, Inland Revenue, Trade and Industry, S.A. Police Service together with representatives from various industries in the private sector has been formed to follow up on all information with regard to illegal imports and exports.

This Task Group functions on a full-time basis and has resulted in the seizure of goods worth millions of rands.

A team of 12 inspectors from the United Kingdom's Customs and Excise Departments is currently assisting the South African Revenue Service with inspections and also in providing training.

*24. Mr D M STREICHER—Public Enterprises.† [Question standing over.]

*25. Mr J A JORDAAN—Public Enterprises. [Question standing over.]

Mandatory levy on payrolls

*26. Mr P G MARAIS asked the Minister of Labour:

(1) Whether he has recommended or intends recommending that the Government introduce a mandatory levy on payrolls with a view to enhancing the State's investment in training; if not, why not; if so, what are the relevant details concerning this recommendation or proposed recommendation;

(2) whether he will make a statement on the matter?

N1576E

The MINISTER OF LABOUR:

(1) The introduction of a national payroll levy scheme to finance training is currently under investigation. However, should such a scheme be implemented it would fund industry-based training in the country.

(2) A new Human Resource Development strategy is currently being developed by the Department of Labour, in partnership with other stakeholders on the National Training Board (NTB). A central part of this new strategy is the development of effective financing mechanisms for training in the country.

The Government's "*Growth, Employment and Redistribution: A Macroeconomic Strategy*" refers to the need for "*a new financing mechanism and governance framework (for training) which aims to increase the aggregate level of effective investment in training. Towards this end the government is investigating the feasibility of introducing a mandatory levy on payroll*".

The Department of Labour has been part of a stakeholder investigation into new funding mechanisms for training for the past year and a half, in NEDLAC. These investigations have projects on the international experience on the funding of training and research projects on the current state of training and its funding in South Africa. The investigations will culminate in the Government, Business and Labour representatives discussing preferred financing options for training to be incorporated into a Green Paper on HRD, which will be published in October 1996.

The Department of Labour will collect all comments on the Green Paper including those on proposed funding mechanisms. Detailed financial modelling and analysis of the cost implications of the funding options in the Green Paper will also be undertaken. These will inform the refinement of funding proposals into a single funding proposal, which will be included in a white Paper to be published in 1997, pending approval by Cabinet.

It may be noted as well that as proposed in the Green Paper on Employment Standards it is our intention to extend the coverage of wage determinations in the unorganised sectors to include domestics and agricultural workers.

Finally, it should be noted that the above comments relate primarily to the formal sector of the labour market and the government has very little influence on how wages are determined in the informal sector of the economy.

I have appointed a task team to review the recommendations of the Comprehensive Labour Market Commission including the aspects of wages determination in both the organised and unorganised sectors and our position on these matters will be announced in due course.

Policy: wage increases linked to productivity

*27. Mr P G MARAIS asked the Minister of Labour:

355

(1) Whether he or his Department has taken or intends taking any steps to ensure that effect is given to the viewpoint expressed in the Government's macro-economic policy that wage increases must be linked to productivity; if not, why not; if so, what steps;

(2) whether he will make a statement on the matter?

N1577E

The MINISTER OF LABOUR:

(1) Wage determination in the economy takes place in accordance with circumstances prevailing in the two major segments of the labour market, namely, the organised and unorganised segments.

In the organised segment, wage determination takes place in accordance with agreements arrived at through collective bargaining, and the resulting wages in this respect generally reflect the various considerations that each party (i.e. workers and employers) deem important that it brings to the bargaining table, and it also reflects the relative bargaining power of each of the partners. Thus whether the negotiated wage outcome or increase is in line with changes or improvements in productivity cannot be directly influenced by government policy since this would be seen as an interference with the enshrined rights of the parties to engage in collective bargaining freely.

Holwever, as indicated in the Macroeconomic policy document, Government intends, through NEDLAC, to work toward reaching consensus with social partners on a national social agreement that would include among other things the need to ensure that wage and salary increases do not rise more than productivity growth. This is the spirit in which the idea of promoting a social accord or agreement among the social partners has been proposed in the Macroeconomic policy document.

In the unorganised segment of the labour market the Wage Act allows the Minister to determine minumum wages for the sectors covered by the Act, other than domestics and agricultural workers. In the sectors covered by the Act three considerations will guide the setting of minimum wages. The first relates to the need to ensure that due to the relatively weak bargaining position of the workers in these sectors wages are not exploitative or unduly out of line with what is required to maintain minimum standards of living. The second relates to the need to rectify any wage discrepancies that were the result of Apartheid discriminatory practices in the labour market. And the third relates to the need to ensure that where the foregoing two considerations are not of overriding importance wages increases reflect increases in productivity.

It may be noted as well that as proposed in the Green Paper on Employment Standards it is our intention to extend the coverage of wage determinations in the unorganised sectors to include domestics and agricultural workers.

Finally, it should be noted that the above comments relate primarily to the formal sector of the labour market and the government has very little influence on how wages are determined in the informal sector of the economy.

(2) I have appointed a task team to review the recommendations of the Comprehensive Labour Market Commission including the aspects of wages determination in both the organised and unorganised sectors and our position on these matters will be announced in due course.

State-to-state oil deals

*28. Mr A H NEL asked the Minister of Mineral and Energy Affairs:

What is his or his Department's policy on state-to-state oil deals? N1578E

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

The policy is that South Africa will engage in any oil deal which will secure the optimum benefit for the country, either by means of an outright cash for oil deal or, where so negotiated, other suitable beneficial counter-performance.

SABC: investigation into alleged corruption

*29. Mr J J DOWRY asked the Minister for Posts, Telecommunications and Broadcasting:†

(1) Whether the SABC is currently undertaking an investigation into alleged corruption among any of its employees; if so, (a) when will the report be published and (b) what will be the costs involved;

(2) whether he will make a statement on the matter?

N1580E

The MINISTER FOR POSTS, TELECOMMUNICATIONS AND BROADCASTING:

The Chairman of the SABC has informed me as follows:

(1) Yes. The Group Executive Officer of the SABC ordered an investigation into allegations of corruption in mid-July 1996. He has also issued a public call for information to assist with the investigation.

(a) The investigation is being undertaken by the Corporation's Internal Auditor. The Auditor will report to the Group Chief Executive at the end of September 1996.

(b) There is no special budget allocated to this exercise as it is undertaken by the Internal Auditor.

(2) No statement will be made on the matter.

Loans for affordable housing

*30. Mr M G MASHER asked the Minister of Housing:†

(1) How many loans for affordable housing have been made available as a result of the agreement of understanding between banks, the State and the South African National Civics Organisation;

(2) whether the agreement of understanding is still in existence; if not, why not; if so, what are the relevant details;

(3) whether he will make a statement on the matter?

N1581E

The MINISTER OF HOUSING:

(1) The agreement is the Record of Understanding which has only two signatories *viz.* the Department of Housing (representing the South African Government) and the Association of Mortgage Lenders.

The total number of loans granted nationally in the affordable housing market from June 1995 to July 1996 amounted to 56 171 loans, with a total value of approximately R3,8 billion. Of these 26 298 loans with a value of approximately R1,1 billion were granted in the government-subsidised market by financial institutions accredited with the Mortgage Indemnity Fund (Pty) Ltd. The number of subsidised affordable housing market loans approved nationally, averaged 2 004 per month over the period March 1996 to June 1996 and when statistics for new lending in July

1996 are compared with the national monthly average, lending rose by 136%, 4 734 loans in July 1996 versus the average of 2 004.

(2) and (3) Yes, the Record of Understanding in so far as it concerns new lending, is administered by the Mortgage Indemnity Fund (Pty) Ltd on an ongoing basis.

The agreement makes provision for the annual review of lending targets. Negotiations in this regard are in progress.

Taxi industry: legislation/registration

*31. Mr J S A MAVUSO asked the Minister of Transport:†

(1) Whether his Department is considering the legalisation and registration of persons in the taxi industry; if so, what are the relevant details;

(2) whether legally registered members of taxi organisations will be able to claim government aid; if not, what is the position in this regard; if so, what are the relevant details;

(3) whether he will make a statement on the matter?

N1582E

The MINISTER OF TRANSPORT:

(1) All minibus-taxi owners have to legalise their operations and minibus-taxi associations and their members will be encouraged to register.

All members previously conducting illegal operations who now comply with the set criteria will have the opportunity to legalise their operations in terms of the special legalisation procedure. If applications for legalisation do not comply with the criteria, members have to apply to the Local Road Transportation Board in terms of the normal application procedure as described in the Act.

According to the registration procedure, minibus-taxi associations have to submit applications for registration on prescribed forms to the Provincial Registrar. These forms will contain information on the association itself, on the legal and illegal members as well as the association's constitution. Both the Provincial Registrar and Provincial Taxi Office will assist the industry in the registration process. Individual operators not being members of taxi associations will also be permitted to register.

(2) Government is proposing various means of assistance to the minibus-taxi industry, which include training, assistance with the establishment of taxi co-operatives and taxi fuel retail installations, as well as the establishment of financial and insurance guarantee schemes. Only legal operators who are members of registered associations will be considered for assistance.

(3) Issues regarding legalisation, registration and economic assistance were discussed during a press conference held on 6 August 1996. If necessary, another press conference may be held.

Permits to fishermen from Japan/Taiwan

*32. Mr C A WYNGAARD asked the Minister of Environmental Affairs and Tourism:†

(1) Whether his Department has granted permits to any fishermen from (a) Japan and/or (b) Taiwan; if so, for what reasons;

(2) whether he will make a statement on the matter?

N1583E

The MINISTER OF ENVIRONMENTAL AFFAIRS AND TOURISM:

(1) No, the Minister grants permits.

(a) 34.

(b) 30.

The permits are valid only for 1996 and the officials concerned are warned that there is no guarantee that further permits will be issued.

The reasons are as follows:

The Bilateral Agreements in terms of which the permits are issued have been in place since the mid-seventies. These agreements cannot be terminated overnight as it is customary in international relationships to discuss significant changes in agreements with treaty partners and if certain arrangements are changed, to allow for a suitable phasing out period. The Committee that investigated the future fisheries policy for South Africa

Hefty pay increase proposed for Public Protector's purse

Cape Town – The Public Protector should get a R73 650 pay increase, giving him a taxable annual salary of R367 650, a parliamentary committee decided yesterday.

The increase, backdated to July, will bring protector Selby Baqwa's remuneration into line with the increases received by judges in midyear. By law his salary has to be at least that of a Supreme Court judge, but the committee decided to link his pay to that of Appeal Court judges.

After a vote, the joint committee on the protector's conditions of service also agreed to his request for a R2 250 personal entertainment allowance.

Senator James Selfe, of the DP, argued earlier that the essence of the protector's office was impartiality and independence, and that this "does not marry well with the concept of wining and dining people. Somebody who earns that much can probably entertain out of his own pocket".

ANC MP Philip Dexter said the allowance would be a safeguard against people trying to curry favour by buying the protector lunch, while party colleague Senator Cheryl Gillwald said it would assist him in "civil and courteous" reciprocal behaviour.

In addition to his salary, the protector gets a non-taxable allowance of R3 500 a year. He is allowed a state vehicle no more expensive than a Mercedes-Benz S320A for private and official use, and a "settlement allowance" of R3 500 a month.

The committee approved 36 calendar days' annual leave for the protector, in addition to an existing leave benefit of three and a half months for every four years of service, granted at the discretion of the Speaker. Parliament still has to approve the decisions.

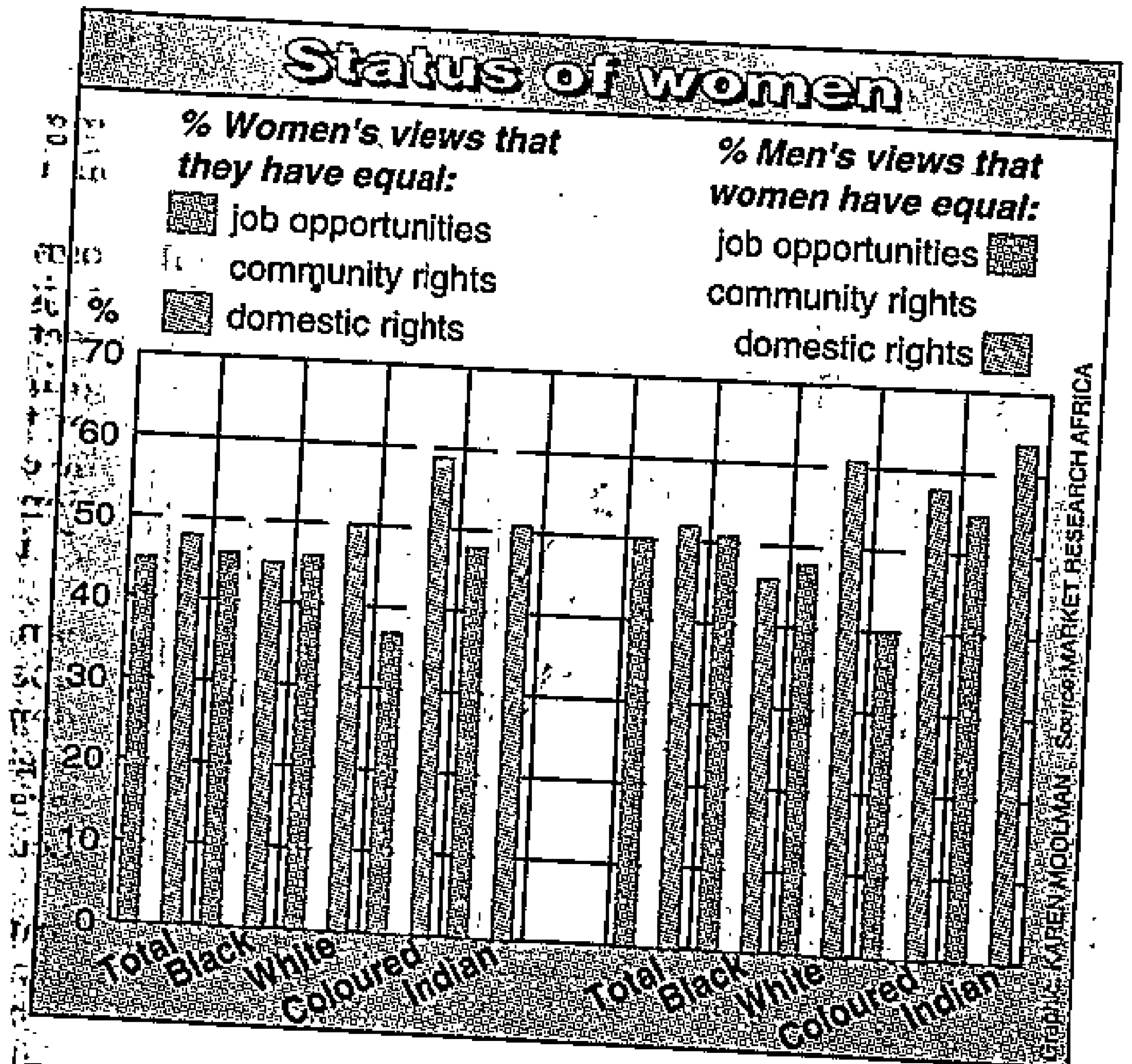
■ Legislation to allow public servants to retire at age 55 rather than 65 would save the State up to R400-million and promote staff mobility and representivity, Public Service and Administration Minister, Zola Skweyiya said. – Parliamentary Correspondent and Sapa.

Star 9/10/96

353

Many women claim they still feel the sting of discrimination

BD 21/10/96



Business Day Reporter

DESPITE government's efforts towards gender equality, many people, especially women, feel discrimination against females persists in SA. This is shown in an opinion poll conducted exclusively for Business Day by Market Research Africa.

While half the men respondents felt women had equal job opportunities, only 45% of women agreed. Among coloured women, the figure was only 37%.

Generally, a greater proportion of men than women believed women had equal rights in the workplace, the community and at home. Among white men, 70% said women had equal rights in the community, compared with 56% of female respondents.

Similarly, the majority of white males said women had equal status in the home, a statement with which far fewer women agreed (61% against 50%).

"This indicates that not all white women are sitting as pretty as urban legend, or male complacency, would have it," said Market Research Africa MD Hanna Fourie.

The 2 500 adult respondents, split 50:50 by gender, were interviewed in their own homes by researchers as part of Market Research Africa's regular monthly Multibus survey. The interviews were conducted in March.

Fourie stressed the research was not about whether there should be gender quality, but whether or not people thought there was.

The questions asked were: Do you agree or disagree that:

☐ There are now equal job opportunities for men and women

— in SA?

— in the government?

☐ Women now enjoy the same rights as men in your community?

☐ Women now have the same status as men in the household?

"Overall, both sexes regarded government as an equal opportunity employer, but they did not hold the same view about the general workplace," said Fourie.

"According to more than half (53%) of SA's women, gender prejudice in the private sector remains unchecked."

Six in 10 coloured men felt that women were discriminated against, but more than half of black and Indian men believed they were not. White men were borderline: 49% said there was not job equality, and 48% said there was. By a tiny margin of 0,5%, the overall male opinion was that the job market provided equal opportunities to women.

While both sexes agreed that women had the same rights as men in the community, they were divided about sexual equality at home. Just more than half the women surveyedsaid they had unequal status in their own homes.

Most men disagreed, with men older than 50 the most likely to say women had equal status in the home. Younger women (under 24) were the most likely to say they did not.

Coloured, Indian and white respondents, both male and female, generally agreed that equality existed at both community and household level.

"Black men's views on a woman's status at home were of the 'not in my backyard' variety," said Fourie. "Fifty-three percent regarded women as their equals in the community, but not in the home. Forty-seven percent saw a woman as their equal in the house, but not outside it."

There was an interesting contrast of perceptions of the two main black language groups, Nguni (Zulu, Xhosa, Swazi and Ndebele) and Sotho-other (North & South Sotho, Tswana, Tsonga and Venda). Averaging out male-female responses, 58% of Nguni-speaking adults perceived a woman's home status as lower than a man's. This contrasted sharply with the equal status perceived by 52% of Sotho-other language households.

The country's least empowered women are in the Free State, Northern Province and Mpumalanga, where the majority claimed they had neither equality in the community nor at home.

Gauteng was the only province in which the majority of men and women expressed no major differences of opinion and also acknowledged sexual equality.

Fourie said that while the situation of unequal job opportunities was discouraging, it was encouraging that women were gaining recognition within their communities.

"Taking strides towards equality in this 'softer' area will equip them with the confidence to take on the corporate world. Empowerment of women, particularly black women, in their own homes lags behind, however, because these are patriarchal by tradition. The impetus to change this lies with women themselves," she said.

(355A)

Mboweni calls for moderate wage rises

(355)

JONATHAN ROSENTHAL

Sun City — Tito Mboweni, the labour minister, called for moderate wage increases yesterday, saying this would increase the net wealth of the national economy and ensure that all had a fair and equal chance at creating and benefiting from that wealth.

Speaking at the annual convention of the Institute of Personnel Management, Mboweni said that rising wages depended on improved levels of employment, improved productivity and ensuring that the rewards of improvements were fairly shared.

"Unemployment, low wages and discrimination appear to be key contributors to poverty in our society," he said.

He emphasised that a rising standard of living could only be achieved through economic growth.

"This growth and development has to be forged within an economy increasingly exposed to the disciplining effects of international product, capital and labour markets." Central to these goals was increasing skill levels.

He said a new human resources development strategy would be published in a Green Paper before the end of the year.

CT (BR) 23/10/96

Consensus eludes business, labour

357 (Wb) 004/11/2/96

Reneé Grawitzky

NEGOTIATIONS on the green paper on employment standards would continue despite the Congress of SA Trade Unions' (Cosatu's) view that labour would not get anything beyond what was currently on the table, Cosatu general secretary Sam Shilowa said last week.

Addressing a news conference on a number of resolutions adopted at Cosatu's last executive committee meeting of the year, Shilowa said despite this, bilateral meetings with government and business would continue.

In addition, a high-level meeting with Labour Minister Tito Mboweni led by Cosatu's president John Gomomo and assistant general secretary Zwelinzima Vavi would be convened.

Whatever emerged during the meetings would be taken back to the alliance.

Sources close to the negotiation process said although bilateral meetings were continuing, the divide between labour and business was very wide.

Indications were that government had tried to explore various options to bridge that divide with consensus on all uncertain issues.

It was understood that government wished to ensure that consensus on some issues would be achieved by early next year.

It was unlikely at this point, based on the progress made, that consensus on all issues would be achieved.

Ultimately, government could be forced to table a final Employment Standards Bill without consensus, sources said.

Some of the core issues in dispute related to maternity leave, hours of work, Sunday work, child labour and variation of standards.

Other issues discussed at the Cosatu executive ranged from the support for a national health system to endorsement of recommendations adopted at a trade workshop.

Shilowa called on Cosatu members to pull out of medical aid schemes and support a national health system as such a system would benefit a far greater number of people.

Recommendations adopted at a recent Cosatu workshop on trade policy related to the development of the southern African region, the World Trade Organisation (WTO) and export processing zones (EPZ). Cosatu reaffirmed its opposition to EPZs and said it needed to develop an industry strategy and develop an alternative to the zones.

Wages up ... but hard times go on

Rising unemployment puts burden on those with jobs

ARG 5/12/96

355

ESTELLE RANDALL
LABOUR REPORTER

Average real wages increased during 1996 but this does not mean workers were better off, says a South African Labour Bulletin survey.

Writing in the Bulletin's December issue, Wendy Dobson, co-ordinator of the Labour Market Chamber of the National Economic Development and Labour Council (Nedlac), says rising unemployment this year has placed greater burdens on those who are employed.

Decreased consumer spending, she says, also suggests that in general real income levels have not improved.

Although the economy continued to grow, mainly because of increased agricultural output, growth had little impact on employment in the formal sector.

The Government's Growth, Employment and Redistribution (Gear) document released in June had set a target of six percent sustainable economic growth and the creation of 400 000 jobs by 2000.

This was based on wage moderation and a real wage increase of 0,5 percent during 1996.

Average wage increases were about 10 percent during 1996, higher than the average inflation rate of about 6,5 percent, Ms Dobson says.

Wage increases over the last three years averaged about 10 percent, making 1996 the third year in which real wages had increased.

Strikes were largely absent from 1996 wage negotiations, except for the clothing industry which faced its first national strike and wage-related actions by members of the South African Commercial, Catering and Allied Workers' Union at Edgars and Sun City.

The strike by skilled, mainly white technicians at South African Airways over wages was unusual, Ms Dobson says. It was the first time these workers had taken action in more than 10 years.

She says the wage gap is an increasingly important issue in negotiations and unions are starting to make gains in tackling the gap between higher-skilled and lower-skilled workers.

In the auto-manufacturing, metal and engineering, tyre and rubber, and mining agreement, for instance, lower-grade workers received larger increases than those in higher grades. But, several unions persisted in tabling across-the-board increases which widened wage gaps.

Wage differences between sectors have widened further, Ms Dobson says.

Cleaners, for instance, who carry out similar tasks in different sectors, earned minimum monthly salaries ranging from R1 800 in the auto-manufacturing industry, to R1 100 in clothing and R752 in mining.

Besides wages, unions' other key demands this year have included better maternity and paternity benefits and leave, a reduction in working hours, housing, health care, education and retirement benefits.

Unions also started to assert rights granted under the new Labour Relations Act, including the right to better disclosure of information from companies, paid time off for shop stewards' training and agency and closed shop agreements.

Inflation rate increase heralds tougher wage negotiations

(355) CT(BR) 7/1/97

THABO LESHILO

Johannesburg — Wage negotiations were expected to be tougher this year because of the anticipated increase in the inflation rate, according to labour consultancy Andrew Levy & Associates' wage settlement quarterly survey in December.

The consultants said wage increases in South Africa still outstripped inflation last year, ranging from 5 percent to 17 percent across all sectors.

"In the case of the larger increases, these were invariably off a low base rate, whereas the lower increases operated from a higher base," they said.

The survey said there appeared to be a move to decrease the wage gap in some sectors by negotiating higher percentage increases for lower-paid employees.

The overall wage settlement level of 9,9 percent last year indicated that unions were moderating their demands under unfavourable economic conditions.

Last year's settlement level of 9,9 percent was the lowest average figure since 1986, and could herald the start of a downward trend, the researchers said. The survey said agreements reached at centralised level were lower than the overall average at 9,1 percent.

The average minimum wage across all industries was R1 590. The highest was in the metal industry at R2 043, and transport was the lowest at R1 058.

The report said the increase in strike action during the third quarter of last year brought the number of lost man days to 1,7 million, compared with 1,6 million in 1995 and 3,9 million in 1994.

Union membership dipped from its peak of 3,4 million in 1993 to 2,69 million for registered unions, according to figures from the labour department. The department said membership of unregistered unions was about 260 000.

The report said the decline was mainly because of retrenchments and the slowing down of the economy. It expected this pattern to change.

"The Labour Relations Act will encourage growth in previously unorganised areas such as the government, agricultural and the domestic sector.

"At the same time, with the simplification of registration procedures, more unions are expected to register to gain the advantages in doing so, such as the right to participate in bargaining councils," said the consultancy.

It said Cosatu, with about 1,7 million members, still dominated the labour scene while the 255 000 member-strong Federation of South African Labour Unions was expected to play a more important role in Nedlac than the National Council of Trade Unions, which had about 220 000 members.

The consultancy said the most noticeable feature of the new act was the formation of the Commission for Conciliation, Mediation and Arbitration.

"Despite fears to the contrary, the (commission) proved that it is more than ready for the task. In the few weeks since its inception all of the 355 disputes referred to it were settled."

Cosatu contemplates mass action over bill

BD 29/1/97 (355)

Reneé Grawitzky

GOVERNMENT and business could face mounting pressure from the Congress of SA Trade Unions (Cosatu) to review their respective positions on proposed employment standards legislation as the organisation contemplates a programme of mass action.

In February last year a green paper on employment standards was tabled for discussion within the National Economic Development and Labour Council.

The process unfolded far slower than anticipated with it becoming evident early on that the main stumbling blocks were the reduction of work hours to a 40-hour week, maternity leave, Sunday work and the variation of standards.

Cosatu acknowledged yesterday that some progress had been made, but the gap on core issues was still very wide. The federation accused business of attempting to reverse rights enjoyed by workers, and emphasised that the overall policy shift in government at macroeconomic level had created an extra pressure on the negotiations.

All Cosatu structures were called on to review the negotiations and to see whether demands could be modified and whether any compromises could be made.

Labour department director-general Sipho Pityana said last week that the spirit of negotiations had been constructive even though it had "cost us time". A bill would be tabled in Parliament and areas of disagreement would have to be left up to the parliamentary process to resolve.

Business SA spokesman Adrian du Plessis said an important debate on labour market policy issues was taking place. This was necessary to avoid making costly mistakes. Prospects of mass action or pre-emptory legislation would not invite a constructive resolution to labour market challenges.

Manuel fails to calm unions on wage deal

BD 30/1/97 (355)

Reneé Grawitzky

FINANCE Minister Trevor Manuel tried to placate public service unions yesterday, saying government would do everything possible to adhere to last year's three-year wage agreement.

However, union negotiators said government had failed to say whether R6,5bn was available for salary increases.

This, they said, had raised fears that government would not be able to meet its commitment.

Manuel was brought in to address the public service bargaining council's central chamber, currently involved in wage talks, after tension between unions and government mounted when the unions were informed this week that government would on March 31 end a moratorium on forced retrenchments.

Last year's wage agreement, intended to bring about the right-sizing of the public service, provided for a moratorium on forced retrenchment. This week's announcement led unions to believe that government would withdraw the voluntary retrenchment packages also agreed upon.

A union official said task teams had not been appointed yet to begin the right-sizing exercise, even while government was saying that the voluntary retrenchment package scheme was not functioning.

The source said unacceptable delays in effecting amendments to the pension fund rules to provide for this had been a problem.

The public service ministry said Manuel had explained the financial commitments and economic situation facing the country and the costs being borne by the state in the continued employment of "ghost" workers.

It is believed that this has cost the state more than R5bn. Public Service Minister Zola Skweyiya, also addressing the chamber yesterday, appealed to unions to help him in the eliminate these "ghost" workers.

A union official said Manuel had indicated that government would do everything possible to adhere to the three-year wage agreement.

He said, however, that government negotiators had failed to state unequivocally that the agreement was on track and to elaborate on the problems facing government in implementing the agreement.

Manuel said it would be foolhardy for a responsible government to be the first party to act in bad faith and contravene the new Labour Relations Act.

Union negotiators said that despite the briefing by Manuel it was highly unlikely that their respective constituencies would change their original mandates.

WAGES + WORKING CONDITIONS -

1997.

SA workers 'not happy with pay'

Sowetan 12/2/97 (355)

Optimism about country's future has also taken dip in last two years

By Mzimkulu Malunga

SOUTH African workers are more dissatisfied with their pay than they were in 1994, according to results of a survey conducted by the Chicago-based International Survey Research Corporation (ISR).

The ISR found that last year, 22 percent of the country's employees said they were satisfied with their pay compared to 30 percent in 1994. South Africa was last of the 10 countries surveyed on the issue.

The yearly international survey, carried out among employees and managers, found that South African employees were generally less optimistic than in 1994.

In addition to pay, working relationships was the other area where employee optimism suffered the most.

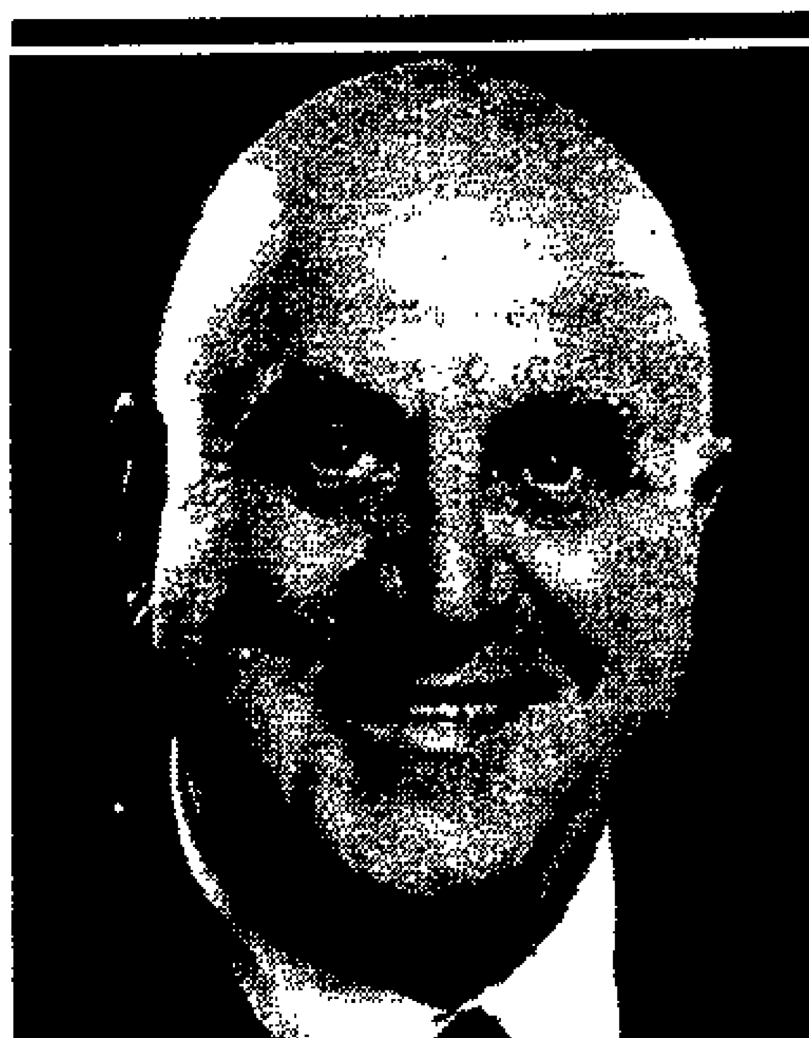
Workers' perceptions

Also, workers' perceptions of management and supervisors were less favourable in 1996 than they were two years ago.

On how satisfied they were with the opportunity to input their ideas in companies where they worked, more than half of the employees responded negatively.

More than 22 000 local employees and managers were interviewed.

Presenting the findings in Johannesburg yesterday, ISR president John Stanek said the research revealed an "after party" situation.



ISR president John Stanek says it is too early to write South Africa off.

Managers were extremely worried about South Africa losing its ability to compete internationally.

Stanek said managers' concern that the country would be unable to stand its own ground in the highly competitive international markets, was the most startling finding of the research.

Two years ago, 94 percent of managers believed South Africa could compete internationally. In 1996 the figure had dropped to 67 percent.

"One of the reasons the country does poorly on international competitiveness is that not enough attention is paid to the attitudes of employees.

"If morale is low and perceptions of management are poor, it is unlikely that we will obtain high productivity," said Professor Karl Hofmeyr of the Unisa Graduate School of Business.

Raise eyebrows

However, Stanek warned that although managers' concern should raise eyebrows, it did not mean that South Africa should be written off.

The drop in confidence on the competitiveness front should be measured against the general optimism among managers in areas like customer focus, efficiency, work organisation and working conditions.

In the above areas, South Africa actually polled higher than the United States, Canada, Britain, Italy, Japan, Germany and France.

Contrary to popular belief that South African employees generally do not care about what happens in their workplace, the survey revealed that workers are actually concerned about the future of organisations.

SA employees unhappy in workplace – survey

(360)

Pay, lack of consultation slammed

ARG 18/2/97

LLEWELLYN JONES
BUSINESS REPORTER

Six out of 10 employees in South Africa think they're badly paid, and one out of three feel they're being left out of decisions affecting their jobs, according to a major survey.

The 1996 South African National Opinion Norm survey also found that the majority of company managers accept the need for affirmative action, but feel that it is not being well implemented.

The survey, by Chicago-based International Survey Research (ISR) headed up by John Stanek, studied the attitudes of 22 000 employees, mostly in big companies.

The major barriers to implementing affirmative action as seen by managers were: a lack of experience among potential black managers; perceived lack of ability of blacks; concerns about work standards; a lack of programmes and policies to support advancement; and the values and style of the organisation.

More startling though was the finding that South African employees' attitudes to their jobs and their companies had declined over the past two years, but Mr Stanek noted that they were still more favourably disposed to their organisations and management than their counterparts in the United States, England, Mexico, Brazil, Malaysia or Australia.

The areas most affected by this decline were working conditions, perceptions of management, job security and employee involvement.

The only area which showed an improvement was employee benefits.

Professor Karl Hofmeyer of Unisa's Graduate School of Business Leadership said the results had to be taken seriously.

"One of the reasons the country does poorly on ratings of international competitiveness is that not enough attention is paid to the attitudes of employees," Professor Hofmeyer said.

"If morale is low and perceptions of management are poor, it is unlikely that we will attain high productivity."

Despite all the talk about "participative management" it appears that many companies remain authoritarian and do not tap the ideas of their employees.

One in three employees were not satisfied with their involvement in decisions that affected their work, half believed that little effort was made to get the opinions of employees in their company and almost half the employees felt their company did not create a climate where people could challenge traditional ways of doing things.

South Africans were also far more likely to feel underpaid, with six out of ten employees feeling they were underpaid.

Although South Africans felt less secure about their jobs in 1996, their level of security was high compared with most other countries.

Nearly 82 percent of South African employees felt assured of having a job with their company as long as they performed well – compared to 52 percent in the United States.

Unions react strongly to SABC restructuring plan

BD 24/2/97

Reneé Grawitzky

THE announcement that 1 000 posts could be lost due to the restructuring of the SA Broadcasting Corporation (SABC) could hamper processes under way with labour to consider recommendations made by an external consultant.

The Media Workers' Association of SA; the Broadcasting, Electronic Media and Allied Workers' Union and the SA Union of Journalists have reacted strongly to the impression created by the SABC there had been consultations on proposed retrenchments, restructuring or streamlining.

This followed an announcement on SABC television news last week that job losses could occur as a result of restructuring.

In the wake of the announcement, the unions denied they were part of a consultation process.

A broadcasting union official said the parties had agreed that the initial recommendations would not be released until they had been fleshed out.

The SABC had "jumped the gun" by announcing possible job losses when no final decision had been taken.

The three unions said they regretted the "irresponsible handling by the SABC management of this issue".

In February last year the resource review process, facilitated by the McKenzie Management Consultancy Group at a cost of R6m, started looking at ways of reducing costs and increasing revenue.

The SABC said the process had reached the point where ideas would be turned into concrete recommendations which would then follow the process outlined in the national framework agreement on state asset restructuring.

Among the ideas had been proposals to cut costs in support functions; to freeze vacancies; and to eliminate 530 redundant jobs in the radio division.

Cosatu lunch-hour picket protest starts

(355)

Farouk Chothia

BD 24/2/97

DURBAN — The Congress of SA Trade Unions (Cosatu) plans to start lunch-hour pickets in KwaZulu-Natal today to ensure that the federation's demands are met in the Employment Standards Bill.

The federation's KwaZulu-Natal executive committee said at the weekend that the lunch-hour pickets would continue until March 5, before becoming two-hour demonstrations on March 10. This would be followed by rallies and marches on April 3 to the offices of the labour department and the chamber of commerce and industry in Durban, Empangeni, Maritzburg, Isithebe and Newcastle.

Cosatu was demanding that the Bill guarantee a 40-hour week without a loss of pay, six months maternity leave, and a ban on employing people under the age of 16.

Cosatu said that if negotiations failed to ensure that its demands were met, there would be a general strike on May 12.

Workers heed call for rolling mass action

(186) (355) Sowetan 25/2/97

By Abdul Milazi

THE Congress of South African Trade Unions' mass action campaign gained momentum yesterday when members began lunch-hour demonstrations nationwide.

The demonstrations are part of the build-up to the federation's planned full-blown strike on May 12.

The actions are aimed at forcing the Government to put the Employment Standards Bill back on the negotiation table.

Cosatu decided to embark on rolling mass action last week when it learnt that the Employment Standards Bill had already been submitted to Cabinet for approval even though some issues were still outstanding.

This week's protests, which will continue until next week, have been left to regional structures after which the central executive committee will meet to evaluate the negotiation process on the Bill.

Cosatu has been involved in negotiations with the Government and business on the Employment Standards Green Paper since the Ministry of Labour released the document in February 1996.

Cosatu spokesperson Nowetu Mpati said while progress had been made in many areas, the gap between the three parties was still very wide.

"Many stumbling blocks have emerged with business adopting a scatter gun approach to the negotiations."

'Business' main strategy is to reverse the rights already enjoyed by workers'

She argued that business' main strategy was to reverse the rights already enjoyed by workers and "water down even the inadequate provisions of the green paper".

The Government had chosen to occupy the middle ground and seemed willing to embrace some proposals by business under pressure. "The overall policy shift by the Government at macro-economic level created extra pressure on these negotiations."

Mpati said Cosatu reiterated its demands for a 40 hour work week, six months maternity leave – of which four months would be paid – and double pay for Sunday work.

Cosatu is also demanding that the age restriction for child labour should be 16 years instead of 15 years as proposed by the Government. "We want to encourage black children to stay at school."

Spokesman for Business South Africa and chief negotiator Bokkie Botha said it was regrettable that Cosatu chose to go on strike instead of continuing with talks.

Talks may focus on wage model

BD 28/3/96 (356)

Renee Grawitzky

THE formulation of an approach to a wage model, which would take into account the diverse nature of the metal industry, could form the focus of negotiations to amend the industrial council main agreement in the industry.

Wage negotiations covering an estimated 280 000 workers, 9 000 employers and nine trade unions starts on April 17.

The demand for a wage model linking wages, grading and skills — which would ensure the reduction of the apartheid wage gap — had formed part of the National Union of Metalworkers of SA (Numsa) core demands for the past three years.

Since last year, representatives of the various parties had been meeting to give effect to last year's agreement, which was to establish a task group to develop a wage model to "take the artisan rate as its benchmark and accommodate the industry's diversity".

This group has made some progress towards finding common ground on a wage model, with Dave Douglas from the Independent Mediation Services of SA acting as facilitator.

The work of the task group was also to integrate its work with the other existing task groups investigating grading, productivity and training. In terms of last year's agreement the parties are to complete their work by April 30.

Unions such as the Yster en Staal and National Employees' Trade Union tabled demands for a 15% wage increase. The Chemical Workers' Industrial Union was demanding a 20% rise on actuals and a minimum wage of R1 800. The Nactu-aligned Metal and Electrical Workers' Union of SA and the Steel, Engineering and Allied Workers' Union were demanding increases ranging between 20% and 30%.

Numsa has demanded a 20% increase on actuals for the bottom grades. In addition, the differential between the grades should be 10% and the lowest paid worker in the industry must earn 60% of the artisan's actual average pay rate. This is to maintain the principle of closing the wage gap.

Numsa's core demand or "strategic focus" includes a package deal incorporating training, closing the wage gap and a productivity framework clause and employment security.

Other demands by the unions include increases to shift allowances, overtime rates, subsistance allowances, severance pay and leave conditions. Demands have been tabled for a 40-hour week, the introduction of an agency shop and that retrenchments be subject to negotiation, not consultation as is presently legislated.

In a document presented to the labour market chamber of the National Economic, Development and Labour Council on trends in collective bargaining agreements, Avril Joffe and Chris Lloyd argued that the signing of the three-year vehicle assembly industry agreement last year had led to "a desire to emulate parts of this agreement in other negotiations".

They argued, however, that differences between and within the same industries often resulted in different collective bargaining outcomes.

Last-minute bid for tax amnesty

BD 28/2/97

Belinda Beresford

THE SA revenue service was experiencing an "unbelievable" last-minute response to the tax amnesty which expires today, spokesman Christo Henning said yesterday.

Henning said people were complaining that they were unable to get through to the toll-free numbers to register for the amnesty, while tax offices were also being overwhelmed.

The revenue service has estimated that about 9% of taxpayers or 435 000 individuals are behind in their payments, of whom 195 500 were eligible for the amnesty.

Henning said the service would be satisfied if it collected about R2,15bn in taxes through the amnesty. This is about half the amount of capital tax estimated to be owed by taxpayers.

At the end of last week there had been about 4 000 registrations for category one of the amnesty, which covered those who had never registered for taxes. Henning said no one knew just how many tax dodgers there were in SA, but the service was "happy" to have new taxpayers.

He said it would be impossible to provide monetary values for the tax deficits collected in the other categories until early next week. The computer program was still running and figures could not be collated until it was stopped at the end of today.

Other taxpayers eligible for amnesty were those who had underdeclared on tax returns, those who had avoided sales tax and those hoping to write off interest and penalties.

Henning said it was very unlikely the amnesty date would be extended, as demanded by the National African Federated Chamber of Commerce. To do so, relevant legislation would need to be altered by the end of tomorrow.

Nedlac labour component divided over stayaway

BD 28/2/97 (355)

Reneé Grawitzky

THE labour component within the National Economic, Development and Labour Council (Nedlac) is divided over Cosatu's call for a national stayaway on May 12 to push for its demands to be included in proposed employment standards legislation.

Cosatu has indicated the action would go ahead if insufficient progress was made during negotiations on the issue. Nedlac's executive council meets today to discuss options for taking negotiations forward.

The Federation of SA Labour Unions (Fedsal) said yesterday that it had not received a mandate from its 297 000 members to participate in Cosatu's action. The National Council of Trade Unions (Nactu) said it would participate.

Fedsal general secretary Dannhauser van der Merwe said he did not believe that the labour market was as inflexible as employers made out. Certain industrial council agreements already provided for flexibility by varying standards, he said.

Nactu general secretary Cunningham Ngcukana said the council had decided last week to participate in the mass action. But, a final assessment would be made on March 20. He said workers would continue to push for a 40-hour week with no loss of pay.

Public servants to get pay hike

ARG 9/3/96

355

THE minimum starting wage for public servants is to be increased by 29,5 percent from R13 200 a year to R17 100 a year.

The increase forms part of a new salary upgrading system, which aims to slimline the public service and which will be implemented over the next three years.

The decision was taken in the public service bargaining council's chamber yesterday, said spokesman Thandeka Gqubule in a statement in Cape Town.

The package consists of four inter-related components.

There will be remuneration adjustments for the three periods — 1996/7, 1997/8 and 1998/9 — during which the new system will be implemented.

The public service will be "right-sized" in accordance with available resources and a voluntary severance package will help this process.

Public servants' pension benefits will be used as a means of promoting mobility among them.

The exact method of implementation is still to be finalised.

The new grading system will be effective from July 1 this year.

Earlier reports that there was a deadlock in negotiations were incorrect, said Mr Gqubule. — Sapa.

Hansard

QUESTIONS

†Indicates translated version.

For written reply:

South African Police Service: strength

16. Mr A J LEON asked the Minister for Safety and Security;

(1) Whether the current strength of the South African Police Service is adequate to meet the safety and security needs of the Republic; if not, (a) what is the estimated shortfall, (b) how many more police officers will have to be employed to make up for the shortfall and (c) what will be the cost of employing such police officers;

(2) whether the moratorium on the filling of vacancies and of new enlistments in the SAPS is to be lifted; if not, why not; if so, when?

N61E

The MINISTER FOR SAFETY AND SECURITY:

(1) No.

(a) and (b) I prefer not to provide figures which are based on a rough and unsubstantiated estimate. An accurate figure will be available shortly when the new Police Plan, which is being prepared in terms of section 11(2)(a) of the South African Police Service Act of 1995, has been finalised. It is anticipated that this will happen during April 1996. The objectives, priorities and needs of policing for the next financial year, as set out in the Police Plan, will provide the basis on which the exact shortfall will be calculated.

(c) In the absence of an exact figure for the shortfall in the current strength of the South African Police Service, I can merely provide a general indication of the cost of employing, for example, 5 000 new police officers. To increase the current establishment with 5 000 members during the 1996/97 financial year will cost R158 318 million (based on the proposed salary grading system).

(2) Due to budget constraints no plans exist at this stage to enlist new members into the South African Police Service during the 1996/97 financial year. The Police Plan will indicate how many additional members are required and for what purpose. Further steps will then be taken to address the personnel shortage of the South African Police Service. At this stage exploratory discussions are taking place with the Minister of Defence in order to establish whether the present shortfall can be addressed partly by recruiting, retraining and redeploying present members of the South African National Defence Force as members of the South African Police Service.

Foreign companies: labour concessions

19. Mr K M ANDREW asked the Minister of Labour: (355)

(1) Whether his Department has granted any foreign companies special labour concessions permitting them to pay employees less than the minimum wage determined by the industry; if so, (a) which companies have been granted such concessions, (b) how many employees are affected, (c) which industries are affected and (d) why were such concessions granted;

(2) whether complaints have been received by any South African companies concerning these concessions; if so, (a) which companies, and (b) what was the nature of the complaint, in each case?

N64E

The MINISTER OF LABOUR:

The Department administers 19 age determinations and six wage orders. Exemptions are granted by the offices of Provincial Directors under delegated authority subject to prior consultation by the employer with employee representatives or in their absence with employees with a view to reaching consensus on the matter. A large number of exemptions are granted every year on the merits of the application. A distinction is not made between local and foriegn companies. Minimum wages are determined by the industry concerned where there are industrial councils. Councils themselves grant the exemptions. In the case of non-parties the Minister can where the applicant feels aggrieved by the decision of the council, grant an exemption on appeal. There are few such exemptions. Because of the number of exemptions, the diversity of measures applicable and the fact that they are granted at provincial level the question can only be answered if Mr Andrew gives the names of the companies concerned. The same applies to part (2) of the question as, without knowing which companies Mr Andrew has in mind, the Department would be groping in the dark and would be unable to give a focused reply.

Crimes committed whilst on bail

20. Mr A J LEON asked the Minister for Safety and Security:

Whether any persons charged with crimes in 1995 were out on bail at the time they were arrested for such crimes; if so, (a) how many and (b) what percentage of the total number of persons charged with crimes in 1995 does this figure constitute?

N65E

The MINISTER FOR SAFETY AND SECURITY:

Yes.

(a) 6 217.

(b) During 1995, 159 818 cases of serious crime were referred to court, which constitutes a 1,35 percentage, although this may not really be a valid comparison because in some of the cases there might be more than one accused involved.

South African Police Service: resignations

29. Mr H A SMIT asked the Minister for Safety and Security:†

(1) (a) How many members of the South African Police Service resigned from the service during the latest three calendar years for which information is available, (b) what were the ranks of the members who so resigned and (c) how many of those members received a retirement package;

(2) whether these resignations have harmed the operational ability of the SAPS; if so, in what respect;

(3) whether he envisages any steps to prevent further resignations from the SAPS; if not, why not; if so, what steps;

(4) (a) what was the estimated shortage in manpower in the SAPS as at 31 December 1995 and (b) what steps does he envisage to eliminate such shortage?

N74E

The MINISTER FOR SAFETY AND SECURITY:

(1) (a) 556.

(b)

Senior Superintendent	22
Superintendent	15
Captain	8
Inspector	151
Sergeant	216
Constable	144
Total	566

(c) No members received retirement packages.

(2) Yes.

The operationalability has been harmed in that the resignations resulted in a shortage of members to perform operational functions.

(3) Yes.

Extensive measures are being introduced to counter the low morale in the Service. Such measures include:

— the development of sound labour relations

— improved service and working conditions

— the establishment of effective communication to address uncertainty

— the establishment of measures to address discrimination.

(4) (a) I prefer not to provide a figure for the shortfall which is based on a rough and unsubstantiated estimate. An accurate figure will be available shortly when the new Police Plan, which is being prepared in terms of section 11(2)(a) of the South African Police Service Act of 1995, has been finalised. It is anticipated that this will happen during April 1996. The objectives, priorities and needs of

Maternity/paternity ... the shape of things to come

ARG 26/3/96 (355)

ESTELLE RANDALL
Labour Reporter

NEW laws are being discussed which may make it easier for workers, especially women, to combine a career with family life.

The Basic Conditions of Employment Act prevents pregnant women from working for 12 weeks - four weeks before the birth and eight weeks after - but there is no legal guarantee that a woman will get back her job after maternity leave.

And the only legal financial support for pregnant women is the limited maternity benefit offered by the Unemployment Insurance Fund (UIF).

About 60 000 women claim maternity benefits from UIF every year. But these are only women who have contributed to UIF. And only women who have contributed to UIF for a continuous period of three years can draw the benefit for six months. Excluded are domestic workers and those earning above R5 785 a month.

The maternity benefit which women can claim from UIF is also limited to 45 percent of their normal salaries, paid monthly for a maximum of six months.

The total maternity benefit a woman is entitled to from UIF cannot be paid out for a shorter period.

Employers may not contribute more than 30 percent of the woman's salary, if she also claims from UIF. This means that women do not get their full salary while on maternity leave. There is no legal right to paternity or child care leave.

Changes to laws affecting labour aim to address these shortcomings. The Labour Relations Act, which comes into effect in May this year, prohibits employers from not employing women simply because they are pregnant.

And the proposed new Employment Standards entitle all female employees to four months maternity leave during which their security of employment is guaranteed.

It proposes that women be able to take maternity leave at any time in the period starting four weeks before the expected birth, or earlier if this is necessary for health and safety reasons.

It further suggests that an employee may not work for six weeks after the birth of her child, unless a doctor certifies that she is fit to return to work earlier.

A pregnant woman doing night work or work which may be harmful is entitled to suitable alternative work without loss of benefits during pregnancy and for a year after the birth of her child.

All employees with one year's service are entitled to three days' paid paternity or child care leave during the year of the birth of the child.

There is also a proposal to allow women to reduce their working hours so that they may combine parental responsibilities and work.

On paper these proposals provide important steps towards improved conditions for women workers. However, a key problem will be enforcing these new proposed rights.

"Sometimes workers don't know their rights and even when they do, the balance of power between them and employers may be too great to allow workers to insist on enforcement," said Roseline Nyman, gender researcher for the National Labour and Economic Development Institute (Naledi).

Ms Nyman is sceptical of these proposed rights being enforced through trade union bargaining because many women are employed in sectors with a low level of unionisation, such as agriculture and domestic work.

She welcomed the three days paid paternity leave during the child's first year as a landmark provision, and the proposed flexibility about when maternity leave is taken.

"This flexibility takes into account the real situation for most working women - that they receive low wages and the 45 percent cover from UIF for maternity leave is often insufficient to allow them to take the full four months maternity leave. "But the flexibility can also be used to undermine minimum standards and to pressure women into getting medical certificates to return to work earlier than they should," she said.

UIF had to be restructured to allow for extra maternity benefits so that women would be able to take the maternity leave available to them, she said.

As early as 1981 the Wiehahn Commission on Labour recommended that UIF maternity benefits increase to 60 percent. The whole issue of UIF, including the benefits it offers, is being reviewed.

Since women already earned low salaries and they alone were responsible for UIF contributions, it was economically unrealistic to expect them to pay any extra, Ms Nyman said.

She suggested that the state pay the balance of maternity benefits, in line with international trends where maternity and parental leave benefits are paid from state-funded social security.

The International Confederation of Free Trade Unions (ICFTU) has argued that parental leave can be a good way of attracting and retaining skilled workers of both sexes. The problem is that if parental leave is only taken by women, it could become a way of excluding them from the labour market. A key failing of parental leave is that it often does not carry with it compensatory payment. This severely restricts parents who can't afford a loss in income.

The availability of child care facilities is an important factor which determines whether women return to work at the end of parental leave. Linked to this is the length of parental leave.

The shorter the parental leave period, the fewer women return to work because they are unable to find child care facilities for their children.

In Europe, the Scandinavian countries were the first to introduce paid parental leave. At first parental leave had to be taken in one go immediately after maternity leave but this has become more flexible. Sweden allows full-time or part-time leave which can be spread over time until the child is eight years old.

Almost all parents in Sweden, Norway and Finland take parental leave when they are entitled to it. In other countries, such as France and the Netherlands, where very few parents take parental leave, the main reason for not doing so is concern about a loss of money and, among women in particular, a fear that this will harm their career.

Although parental leave can be expensive because of its duration, it usually leads to savings in public child care services and unemployment payouts when the parents are unemployed, the ICFTU said.

Actress **DEMI MOORE** ...
she's one working mother wh[o]
doesn't have to worry too muc[h]
about her finances during pregnanc[y]

Union leads the way in securing benefits for parents

ARG 26/3/96

(355)

ESTELLE RANDALL
Labour Reporter

IN South Africa about 60 percent of female employees are entitled to maternity benefits from employers, according to an International Labour Organisation (ILO) country review in 1996.

This is as a result of trade union negotiations with employers.

A leader in the field of these negotiated agreements is the South African Commercial and Catering Workers' Union (Saccawu).

Saccawu's agreements cover about 60 000 workers, about 60 percent of whom are women.

The main companies are Pick'n Pay, Edgars, Foschini, Beares, OK Bazaars, Woolworths, Checkers, Clicks, Game, Metro Cash'n Carry, Dions, Diskom, Joshua Doore, Ellerines and Aegis Insurance.

"Our landmark agreement was with Pick'n Pay in 1982," recalled Patricia Apollis, Saccawu's national gender co-ordinator.

This agreement gave pregnant women workers who had worked for 12 months at the company the right to return to work after nine paid months maternity leave.

Workers also had the option of taking another two months' unpaid leave.

Pick'n Pay agreed to pay 75 percent of the worker's salary for three of the 11 months and 30 percent of the salary for another six months.

Parents who worked at Pick'n Pay could also share the 11 months.

Saccawu's subsequent negotiations have resulted in maternity benefits ranging from four months paid leave at 30 percent of the worker's salary to 11 months paid leave. Most agreements provide for six months paid leave.

With paternity leave, they range from three to eight days' paid leave. In most cases employees had to have been with the company for a year before they qualified for these benefits, Ms Apollis said.

Besides maternity and paternity leave, parents could also take parental leave which they could share if they both worked at the same company. Workers who adopted or fostered children had the same benefits, except those related specifically to pregnancy and birth.

Post-natal leave ranges from five days to eight days paid time off until the child is two years old. "In our agreement with Game, fathers specifically can get four days off at full pay to take their children to clinics," Ms Apollis said.

In most cases, companies also paid either the medical aid or retirement fund contributions of workers on parental leave and not getting their full salaries.

Ms Apollis said Saccawu was now attempting to negotiate around a new model parental rights agreement. Some of its main provisions were for 12 months paid maternity leave at full salary, with another 12 months unpaid leave, three months paid paternity leave at full salary with another 12 months unpaid leave, and 20 days paid child care leave for parents with children of pre-school age.

In the clothing and textile sector, which also has a large number of women workers, the South African Clothing and Textile Workers' Union (Sactwu) has also made strides.

Ronald Bernickow, Sactwu's national health care officer, said the union had negotiated parental rights agreements which covered almost 200 000 workers in the clothing, textile and leather industries. Most of these agreements were for between three to six months maternity leave paid at 33 percent of normal salary, with job security.

The union and employers were currently investigating ways in which to "get around" the 30 percent limitation which the Unemployment Insurance Fund placed on employer contributions, Mr Bernickow said.

Paid paternity leave was generally for three to five days. Sactwu and clothing employers had also established community-based clinics in areas where workers lived, and most clothing agreements gave workers two hours paid time off to visit these clinics.

'Trade unions need to take note of global wages'

CT(BR) 26/3/96 (355)

By Roy Cokayne

Pretoria — Trade unions would have to take note of average hourly wages in other countries if South Africa was to remain internationally competitive, said Mof Terreblanche, the president of the Afrikaanse Handelsinstituut.

The average hourly wage in South Africa was R22 compared to R7 in Malaysia, R6 in Poland, R2 in China and R1 in Indonesia, Terreblanche said last week.

"Trade unions must decide — from the viewpoint of millions of potential workers — what would be the biggest disadvantage: uncertain and periodic job opportunities with low remuneration in the informal sector, no further job opportunities in the formal sector due to high minimum wages or lower wages but more permanent job opportunities in the formal sector," he said.

Terreblanche said everything possible would have to be done to develop the country's people if sustained, high economic growth were to be achieved in the next century. He saidf this placed an enormous responsibility on employers to conduct in-servi ce training of workers and their work ethos.

But, he said, it also required organised labour to reflect on international competitiveness and the importance of the secondary labour market.

Terreblanche said it was uncertain whether the country would be able to attain the necessary level of capital creation — and particularly capital renewal or modernisation — to reach a growth rate of 6 percent by 2000.

Alternatively, he said, it seemed the requirement of a skilled and well motivated labour force to support such growth posed an even greater impediment.

"Our dilemma is that we need a growth rate of 6 percent or higher to create enough jobs for approximately 15 million people. On the other hand, it appears as if we lack the labour force — with the necessary measure of skills, loyalty and commitment — to support such growth," he said.

Terreblanche said the development of people for which the authorities needed to accept responsibility in education and social programmes, was a precondition for growth in the long term.

Employment green paper debate begins

BD 26/3/96 (355)

Renee Grawitzky

DEBATE on the employment standards green paper starts today — and could be overshadowed by the broader debate on economic policy for growth and job creation.

The green paper was published before the release of government's growth and development strategy and the SA Foundation document titled "Growth for all".

The executive director of the National Economic, Development and Labour Council (Nedlac), Jayendra Naidoo, said yesterday that discussions would be at a general level. Labour, government and business would present their goals and objectives in relation to the green paper.

From this, he said, "we will get enough of an idea of where the battle lines are".

The labour ministry's green paper, intended to contribute to the drafting of an employment standards Act, was released on February 13.

It has elicited strong concerns from business, while labour has broadly welcomed the proposals.

Naidoo said he did not expect the discussion to be an easy one. In contrast to the Labour Relations Act, where the issues were mainly procedural, the proposals on employment standards were more concrete and "one can see clearly what it means".

Depending on the discussions at today's meeting, he said, the parties would agree on a process which would guide the discussions on the green paper.

Naidoo said several parliamentarians had been invited to attend today's meeting, so as to facilitate closer interaction between the Nedlac process and Parliament.

Cabinet committee is given privatisation brief

BD 26/3/97

Linda Ensor

CAPE TOWN — Public Enterprises Minister Stella Sigcau has recommended to the cabinet committee responsible for privatisation that it formulate uniform guidelines to govern privatisation in the provinces.

A committee meeting scheduled for yesterday was postponed.

Sigcau said in an interview that the committee wanted to ensure there were uniform and acceptable standards for the disposal of state assets by provincial governments.

Labour and other interest groups had expressed concern about the restructuring process at provincial level. Her spokesman Wandile Zota later denied that the controversial deal by the Mpumalanga Parks Board and the Dolphin group lay behind the bid to streamline procedures.

Sigcau said the discussions would include Provincial Affairs and Constitutional Development Minister Valli Moosa, Finance Minister Trevor Manuel and Public Works Minister Jeff Radebe.

Meanwhile, parliament's public enterprises portfolio committee has initiated talks with other portfolio committees with responsibility for state enterprises such as transport, energy, telecommunications etc, with a view to boosting parliamentary oversight of the privatisation effort.

Committee chairman Mandla Msomi proposed yesterday that a "super committee", consisting of two representatives each from 11 portfolio committees, be formed. The task of the proposed committee would be to formulate overreaching legislation to govern the disposal of state assets. No decision was taken on the proposal.

Some committee members felt that all parastatals should be consolidated under one ministry, instead of being scattered across a number of line functions.

It was totally unacceptable, they argued, for public enterprises to be wholly dependent on other ministries.

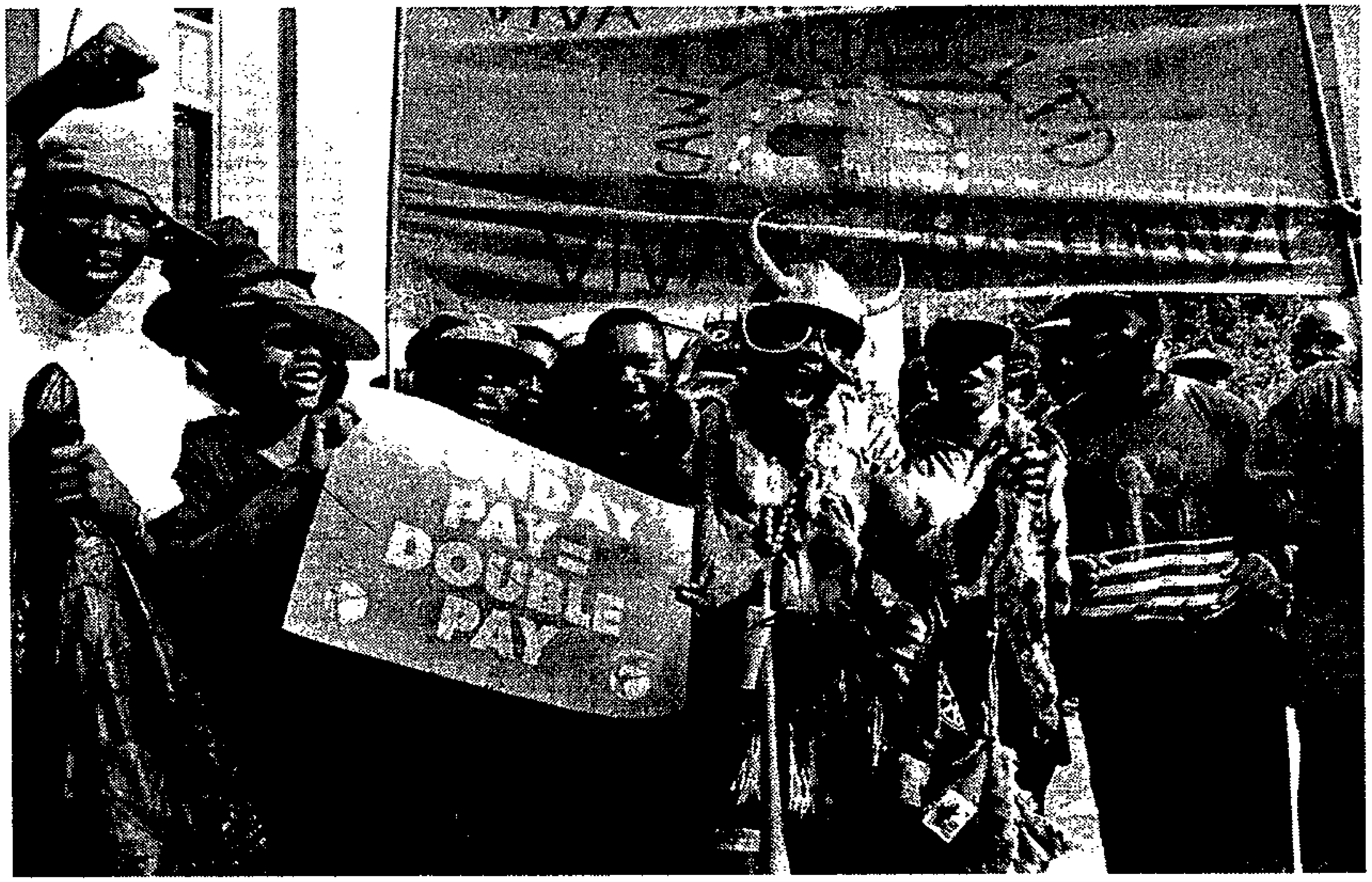
Masakhane paperwork 'outweighs success'

BD 26/3/97

EAST LONDON — The Masakhane campaign came in for a drubbing from East Cape premier Arnold Stofile yesterday, when he said the amount of paperwork involved outweighed the campaign's achievements.

Addressing a workshop on the campaign, Stofile said it had been ineffectual since its inception in 1995 because organisers had focused too heavily on appeals for citizens to pay for rates and services and not on other aspects of nation building. He stressed that the payment of rates was only one facet of the campaign, and that the overall aim was to reconstruct a nation. He said the size of the workshops and documents about the campaign were inversely proportional to the end results.

East London city councillor John Badenhorst, representing the SA Local Government Association, said practical considerations — like including accumulative amounts on bills, credit control and flat service rates — were vital to ensuring payment. — Ecna.



Thousands of Congress of SA Trade Union members marched to the labour department offices in Johannesburg yesterday to highlight their demands around proposed employment standards legislation. Picture: GARTH LUMLEY

20 000 marchers disrupt Jo'burg CBD

BD 26/3/97

Reneé Grawitzky

(395)

ABOUT 20 000 Congress of SA Trade Union members disrupted the city centre yesterday as they marched to the labour department's Johannesburg offices to highlight their demands on proposed employment standards legislation.

Yesterday's action, part of Cosatu's programme of mass action which culminates in a national stayaway on May 12, came ahead of a meeting of government, labour and business, planned for today, which was called off at the eleventh hour.

The march was preceded by moves by Consol Limited's glass division to bring an urgent interdict against the Chemical Workers' Industrial Union (CWIU), which had called for a stayaway in the Wits region to coincide with the march. Consol intended applying for an interdict in the Labour Court in Johannesburg on the basis that the call constituted an unlawful protest action.

The parties reached an out of court settlement whereby the union undertook to take all reasonable and possible steps to inform employees it was no longer calling for a stoppage. The company said on that basis it withdrew its application. Consol said one factory did not operate yesterday.

SA wants Cites

Cosatu strike threat over workers' Bill

(355)

ANG 6/3/97

'Mass action this month'

THABO MABASO
BUSINESS REPORTER

The Congress of South African Trade Unions (Cosatu) has threatened to embark on sustained mass action this month that could culminate in a national general strike if employer organisations do not accept the federation's proposals on employment conditions.

Cosatu Western Cape secretary general Tony Ehrenreich told a news conference in Cape town yesterday that the deadlock with employer organisations could only be broken by decisive action.

He said mass action, scheduled to start on March 10, would comprise human chains and pickets during lunch hours.

"But as time goes on and if there is no progress in the negotiations, it will start encroaching on working hours," Mr Ehrenreich said.

The Employment Standards Bill sets basic conditions of employment for South African workers. It pulls together the old Basic Conditions of Employment Act and the Wage Act to protect the most vulnerable employees, notably farm and domestic workers.

The federation has called for six-month's maternity leave with four months being paid, a 40-hour working week, which can be phased in over a five-year period, double pay for working on Sundays, and barring children below the age of 16 years from employment to be included in the Bill.

Mr Ehrenreich said the national strike would be on May 12.

The last national strike by Cosatu was in April last year, and was aimed at the controversial lockout clause in the new Constitution.

Cosatu placed worker turnout at 75 percent for that strike.

"We want to impress on employers that these demands are serious," Mr Ehrenreich said.

"If we are going to change the mindset of business it will be in the tried and tested ways that are familiar to us."

Some economic and political observers have criticised Cosatu in the past for over-robust tactics that harmed the country's economy and made it difficult for its alliance partner, the African National Congress, to implement its macro-economic strategy.

The strategy envisages the creation of one million jobs and a six percent economic growth rate by the year 2000.

Mr Ehrenreich, however, dismissed the accusations and said the federation had to protect its members, anyway it could, from possible exploitation.

"We have a responsibility to our members and we are not going to shirk away from that responsibility," he said.

The Bill has still to go before the influential National Economic Development and Labour Council (Nedlac) and Parliament – a process that could take the whole of 1997.

Meanwhile, the South African Chamber of Business (Sacob) has criticised Cosatu's mass action plans, saying that it did not know what purpose a strike would serve.

"In our view, the Employment Standards Bill is a complicated piece of legislation and Cosatu should let the negotiations take their natural course," Sacob labour spokesman Janet Dickman said.

'Marriage' rights for gay couples

Varsities' new deal

(356)

HUGH ROBERTON AND JERMAINE CRAIG
STAFF REPORTERS

ARG 13/3/97

Five of South Africa's leading universities, including the University of Cape Town, have taken the controversial step of recognising gay and lesbian unions by extending full marital benefits to gay and lesbian staff members.

Their decision means that gay and lesbian staff – said to number "several hundred" at the five institutions – will be allowed to register same-sex partners for pension and medical aid benefits and will be entitled to all other benefits granted to married staff.

The other universities involved are the University of the Witwatersrand, Fort Hare, Zululand and Rhodes.

The decision of the universities has implications for all employers, and for insurance companies, pension schemes and medical aid societies.

It follows extensive research and debate on the provision in the new constitution which prohibits discrimination on grounds of sexual orientation.

It also follows decisions at leading universities around the world to extend full marital benefits to gay and lesbian staff and to eliminate discrimination on the basis of gender and sexual orientation.

South Africa's new constitution is the first in the world to prohibit discrimination against gays and lesbians.

Joy Fish, the deputy registrar at UCT's Human Resources Department, said the university had taken the decision last year after receiving a number of letters from staff involved in long-term same-sex relationships.

"We recognised that we had to find a way of recognising such people (gay partners) as legitimate partners.

"It feels right, like the type of thing UCT would want to do, and is in line with UCT culture," said Ms Fish.

UCT had a provident fund in which staff could name their beneficiaries, she said.

In terms of the university's medical aid fund, trustees would look into cases in which beneficiaries were not named.

"We require that they sign an affidavit that they are in a marriage-like relationship that is intended to be permanent. Having signed the affidavit, the same benefits are available as if the partner is a common-law spouse," said Ms Fish.

A spokeswoman for the National Coalition for Gay and Lesbian Equality said the coalition believed the Labour Relations

To page 3

Gay couples win 'marriage' rights

From page 1

(355)

Act and the constitution required that all employee benefits were extended to same-sex partners as they would be to heterosexual couples.

Eric Potgieter, an actuary for Old Mutual Actuaries and Consultants, said extending employee benefits to same-sex partners was an issue many companies had not thought about before and had not been challenged on.

In terms of the new constitution, this would now change, he said.

"Many companies have extended benefits to same-sex partners – it is a further step on the road to diversity. To me it is a question of acknowledging the realities of the society we are living in."

He felt it would not have a marked effect on the insurance industry.

"I cannot see any significant financial implications. Companies ... do not have a lot to worry about," said Mr Potgieter.

ARG 13/3/97

The Big Story, page 12

Six-month maternity leave not the norm in SA

BD 25/3/97 (355)

Reneé Grawitzky

AS MEMBERS of the Congress of SA Trade Unions begin mobilising around core employment standards demands, including the call for six months of maternity leave, a recent report has revealed that only 17,1% of companies surveyed granted this much maternity leave.

This was revealed in a survey released yesterday by industrial relations consultants Andrew Levy & Associates who conducted a survey of 80 companies on the types of benefits granted to workers.

Andrew Levy & Associates researcher Jackie Kelley said although 63,2% of companies surveyed granted maternity leave in excess of the statutory minimum of three months, only 17,1% granted maternity leave of six months. The most common practice was for companies to give three months, with 57,8% of companies surveyed prepared to pay between 30% and 33% of the weekly wage to complement the Unemployment Insurance Fund benefit.

While 17,15% of employers gave six months leave, only 2,6% gave more than six months leave. Traditionally, workers in the retail sector have enjoyed maternity leave in excess of six months. Kelly said in some cases companies granted time off for antenatal and postnatal check-ups.

The survey also found that only 46,4% of firms had a paternity leave policy with the majority granting two to four days leave.

Other benefits and policies surveyed included the provision of study and educational leave, compassionate leave, sports leave and bonus payments. Kelly found that 94% of companies had policies covering education and training with 60% granting two days leave. The remainder granted between four and 15 days leave.

The vast majority of companies granted compassionate leave ranging between five to 10 days. More than 90% of companies provided workers with annual bonuses with 55% granting a full 13th cheque.

Employees score better benefits

355

CT(BR) 25/3/97

JONATHAN ROSENTHAL

Johannesburg — Employee benefits have been transformed over the past few years by a quiet revolution, driven by collective bargaining and changing company policy, a survey by Andrew Levy and Associates, the industrial relations consultancy, has found.

The survey, released yesterday, found that 63 percent of companies gave maternity benefits of more than the three months unpaid leave required by law.

Although the majority of companies still give three months leave, 57 percent paid between 30 percent and 33 percent of the weekly wage to supplement employee UIF benefits, which paid 45 percent of a salary for the three-month maternity period.

Six months maternity leave, four months of them paid, is one of the demands over which Cosatu has threatened a general strike in May.

Jackie Kelly, the research editor at Andrew Levy and Associates, said that maternity leave benefits increasing. "Ten years ago the bulk of companies would have given statutory benefits (only)," she said.

The survey found that 17 percent of employers already gave six months maternity leave.

"The pattern appears to be towards increased benefits, but doesn't appear to meet the six months proposed by Cosatu," Kelly said.

The overwhelming majority (90 percent) of companies surveyed give some form of annual bonus, with most companies offering a 13th cheque, followed by 16 percent of companies which give a production bonus and 6 percent giving an attendance bonus.

But the companies surveyed scored lower on the issue of paternity leave, with the majority of companies having no paternity leave policies at all.

Numsa looking for social wage

(356) Sowetan 3/4/97

By Abdul Milazi

Numsa general secretary Enoch Godongwane

THE critical test of the labour movement's success would be its ability to achieve a social wage as opposed to bargaining for percentage increases on the shop floor.

This is the approach the National Union of Metalworkers of South Africa (Numsa) is taking to its National Bargaining Conference to be held in Johannesburg today.

According to Numsa general secretary Enoch Godongwana, the conference is to prepare the union for this year's annual wage negotiations, which begin next month.

Numsa, which is the second largest trade union on the African continent, is also by far the most technically advanced.

While many unions and federations fought for wages in terms of rands and percentages, Numsa drew its negotiation plans for the future which included training and other socially-related demands.

Godongwana says the key factor in the workers' struggle is how trade unions and the labour movement position themselves in the global labour market.

He argues that the greatest mistake that labour committed when the negotiations began at the National Economic Development and Labour Council (Nedlac) was approaching the process without a clear vision and strategy.

This, he said, gave organised business time to regroup and come up with their own strategy, which came out in the form of the *Growth for All* document.

"When fighting for better working conditions for our members, we should look at the root of inequalities instead of dealing with symptoms.

"In that sense, access to training is vital in the transformation of the work place and our society in general," says Godongwana.

He argues that a better trained workforce is more productive and better wages means an improvement in workers' and their families' lives.

Other issues to be tackled at the conference include multi-tasking, multi-skilling, flexibility, levels of bargaining and wage related issues.

D-Day for Bill on work conditions

(355)

Sowetan 16/4/97

New law will form part of plan to transform the world of work in SA

By Isaac Moledi

LABOUR MINISTER Tito Mboweni is expected to announce the Cabinet's decision on the proposed Basic Conditions of Employment Bill in Johannesburg tomorrow.

The Bill aims to revamp the existing Basic Conditions of Employment Act and the Wage Act so that all employees, including temporary and part-time employees, are protected by a floor of basic working conditions.

Submission of the new Basic Conditions of Employment Bill to Cabinet follows publication in February last year of a Green Paper on Policy Proposals for a New Employment Statute. The Green Paper proposed new rights to cover all employees, including reducing ordinary working hours to 45 a week for day workers working 46 hours and shift workers working 48 hours.

Security guards who work up to 60 hours a week should have their hours reduced to 48 hours over two years.

A prohibition on children under 15 years working and specific regulations about working conditions for children between the ages of 15 years and 18 years is also included in the proposals.

Last year the National Schools Act set the school leaving age at 15 and stipulated protection for pregnant women.

Pregnant workers would be entitled to four months maternity leave during which their jobs would be protected.

The Bill, which has been submitted to the Cabinet for a decision today, draws on extensive negotiation of the Green Paper's proposals in the National Economic Development and Labour Council (Nedlac) where business, labour and government are represented.

Discussions were held with churches and comments were received from trade unions, employer organisations, non-governmental organisations, local authorities and members of the public.

If the Cabinet approves the Bill, it will be published in the *Government Gazette* on Friday and tabled for further negotiation at Nedlac.

Finalising this new law is an important part of the Labour Ministry's five-year programme to transform the world of work in South Africa. It is an important part of the Government's action plans for 1997 noted by President Nelson Mandela at the opening of Parliament.

Labour Minister Tito Mboweni expected to announce the Cabinet decision on the Bill which is expected to revamp the existing Basic Conditions of Employment Act and the Wage Act.

Jobs Bill row grows

MtG (Am) 18-24/4/97 (355)

The draft Basic Conditions of Employment Bill, released this week, has raised the ire of business and labour. A compromise is vital if Gear is to stay on track. Madeleine Wackernagel and Ferial Haffajee report

THE next stage in the heavyweight battle to get the draft Basic Conditions of Employment Bill passed into law is set to make the negotiations around the Labour Relations Act look like a friendly joust. So say government insiders, who believe it is going to be more difficult because "this one's about money".

And lots of it. Evidence points to a 20% increase in business costs if the working week is indeed cut down to 40 hours as demanded by labour, and part-time employees are given the same benefits as full-time staff. The government won't be spared either — higher staff overheads could have severe implications for the Budget deficit target.

The Bill, which calls for an average 45-hour working week to protect employees in industries where 52-hour weeks are common, was given the Cabinet's stamp of approval this week, which is about the only stamp it got, with cries of foul coming from almost all corners.

The draft Bill will now go back to the National Economic Development and Labour Council for further consideration.

Business says the draft plan will make job creation difficult and will cost too much. Labour is fighting both the government and business on provisions for a 40-hour week, four months' paid maternity leave and minimum standards of employment.

While nobody questions that labour should be protected from extreme working conditions, there are fears that too cast-iron a framework will impede the production process.

Says Tony Twine of Econometrix: "Issues of fairness have to be addressed but the general appropriateness of the legislation is worrying. We aren't a very productive or efficient economy. And there are fears that a rigid labour market will make the attainment of Gear [government's growth, employment and redistribution strategy] that much more difficult."

This concern was echoed by Rudolf Gouws, chief economist at Rand Merchant Bank: "It would be a tragedy if Gear were seen to fail because of the structure of the labour market — because costs imposed on business through employment standards and levies make it impractical to employ more people."

The argument that a shorter working week will help to boost jobs is fallacious, says Democratic Party leader Tony Leon. "Every other country is moving towards greater flexibility, not less, because it has been proven that cutting the working week actually results in lower output and fewer jobs. In the ideal world of the International Labour Organisation (ILO) in Geneva this logic may apply but real-world experience points to a different outcome.

"South Africa is going against the grain of what every other country has demonstrated to be the reality — greater job flexibility creates jobs. We are in danger of having too much regulation and not enough flexibility."

The government defends the Bill with arguments that it sets in stone better conditions than anything labour has enjoyed before. And it holds out the promise of flexibility by providing for various ways in which standards can be negotiated downwards in struggling industries or by consensus between unions and their employers.

But labour, especially the Congress of South African Trade Unions (Cosatu), is spoiling for a fight. Some Cosatu-watchers say this round is really about ongoing unhappiness around the market-oriented Gear strategy.

Now Cosatu is shifting the battle to the draft Basic Conditions of Employment Bill, which is easier to mobilise workers around because it concerns nuts-and-bolts issues like money — payment for Sunday work and maternity leave; as well as a shorter working week and better leave conditions.

Cosatu's plan for a general strike on May 12 stands, though the federation's most senior decision-making body, the National Executive Committee, meets today to run a fine-tooth comb through the Bill.

Cosatu's biggest worry is the draft law's suggestion of a 45-hour week. The federation is pushing for a 40-hour week, though most countries in the world work 48 hours.

ILO figures show that 53 countries have opted for the longer working week, while 42 countries, including China, work a 40-hour week.

Trends show that Western Europeans work between 35 and 37,5 hours every week; Australia is equally liberal with a 38-hour work week introduced 14 years ago.

But faced with rising unemployment and shrinking economies, unions are starting to show flexibility: Overtime, for example, is becoming more acceptable. Both Canada and the United States work a 42-hour week, though employees in the US manufacturing sector work the longest hours in the world when calculated annually because of short holidays.

Comparisons with South Africa are better made with emerging economies. Workers in the Republic of Korea and in Singapore are employed on a 47,5 hour week; those in Hong Kong work three hours less. In Latin America, the average working week is about 44 hours.

The ILO has no figures for African countries other than Egypt, where the working week is unusually long at 52 hours. ILO researchers say there's a "virtual absence of debate concerning reducing working hours as a means to combat unemployment".

Running a close second to Cosatu's call for a 40-hour week is its demand for six months' maternity leave, of which four would be paid and two unpaid. The government has recommended four months' unpaid leave with state assistance; while employers go lower. They want three months' unpaid maternity leave.

While the 40-hour week has many international examples to point to, Cosatu stands alone on its demands concerning maternity leave.

The ILO's benchmark figure is 12 weeks. One in two of the ILO's member countries has met this goal, while one-third of the rest provide 14 weeks or more maternity leave; and Italy's laws are currently world best practice with provisions for five months' paid maternity leave.

A pregnant issue: The government has suggested four-months' unpaid maternity leave with state assistance PHOTOGRAPH: SIDDIQUE DAVIDS

Jobs bill lays down improved conditions

BD 18/4/97 (355)

Reneé Grawitsky

THE Basic Conditions of Employment Bill which was released to the media yesterday proposes improved minimum conditions of employment in a range of areas, but allows greater flexibility to vary these standards through individual and collective bargaining.

While labour and business refused to comment on the bill yesterday, after giving Labour Minister Tito Mboweni an undertaking they would respond only from today, both are likely to express reservations which will be referred to the National Economic, Development and Labour Council (Nedlac) for negotiation.

The Afrikaanse Handelsinstituut said the Bill proposed a more regulated labour market. However, positive proposals included the averaging of working hours — — and the variation of standards by collective bargaining.

The parties to Nedlac have to conclude negotiations by end-June so that the bill can be discussed in Parliament during the third quarter of the year.

The bill reduces maximum weekly working hours for all workers to 45; increases the overtime pay rate from time and a third to time and a half; increases unpaid maternity leave from three to four months; and removes the prohibition on Sunday work while retaining a premium for such work.

The bill makes no mention of a 40-hour working week, as proposed by labour, or of any commitment to work towards this goal.

The cabinet approved the bill on Wednesday amid earlier speculation that Mboweni could face opposition from elements within the cabinet who questioned its effect on job creation and increased costs to the state because public sector, farm and domestic workers would be covered for the first time.

Cosatu faces a tough choice today when it decides whether to go ahead with its May 12 national stayaway as the bill does not come close to meeting its official demands.

Cosatu's mobilising campaign has focused on a 40-hour working week, variation of standards without under-

Labour Minister Tito Mboweni and director-general Sipho Pityana at the news conference to announce the Basic Conditions of Employment Bill. Picture: TYRONE ARTHUR

Continued on Page 2

Bill

(356)

Continued from Page 1

BD 18/4/97

mining rights, 16 years of age as a threshold to enter the labour market and retention of the "special" status of Sunday work.

A government source said he was hopeful the stayaway would be called off, and Mboweni downplayed Cosatu's strike call. The source said Cosatu could motivate for calling off the action by arguing that problem areas in the bill could be resolved through Nedlac negotiations.

Government has tried to meet Cosatu's demand on paid maternity leave by appointing a ministerial task team, which includes Cosatu representatives, to probe ways of increasing the Unemployment Insurance Fund's maternity pay which is currently a maximum 45% of salary for six months.

Although the Bill removes the prohibition against Sunday work, it discourages it by requiring that a 36-hour rest period per week must include a Sunday, unless by agreement. Employers would also have to pay casuals double pay, and time and a half for those who worked regularly on a Sunday, such as nurses or police. Instead of paying a Sunday premium, however, workers could be granted time off.

The variation of standards constituted a crucial area of discourse during initial negotiations last year. Conditions can be varied by agreement, by the minister or by exemptions. The bill allows bargaining councils and agreements between employer organisations and unions to vary all standards up or down, except on provisions relating to child or forced labour and maternity leave. Further, varying working time would have to take workers' health and safety into account.

Lower-level collective agreements would be more restricted in the scope of variations, although they could vary conditions to a greater extent than individual contracts. Collective agreements would be permitted to average hours and overtime worked over four months; to reduce notice periods; and to reduce "family responsibility" leave set at three days a year which rolls paternity, compassionate and child care leave into one. The working week could be compressed into less than five days.

The bill also proposes increasing annual leave from two to three weeks, daily rest periods of 12 hours between ending work and starting the next day, an increased notice period and prohibiting employment for those under 15 years.

The bill also proposes establishing an employment conditions commission to replace the Wage Board and advise the minister on sectoral determinations in unorganised areas; the exclusion of certain categories of employees from the bill; and the variation of basic conditions of employment.

Other core proposals are to:

☐ Define night work as that performed between 18h00 and 06h00. It is currently not defined;

☐ Increase notice periods; and

☐ Move away from criminalising non-compliance with the legislation, replacing it with a system of penalties which could include fines.

Comment: Page 13

Tito lays down the basic terms of work

CT (BR) 18/4/97 (66) (355)

FRANK NXUMALO

Johannesburg — Draft details of the Basic Conditions of Employment Bill, which seeks to advance economic development and social justice by establishing and enforcing basic conditions of employment, were released yesterday by Tito Mboweni, the labour minister.

The bill applies to all workers and employers except members of the National Defence Force, the National Intelligence Agency, the South African Secret Service and unpaid charity workers.

It provides for a maximum of 45 ordinary working hours a week for all workers, a maximum of nine hours a day for employees who work for five days or less a week, and eight hours a day for employees who work for six days a week, while overtime may only be worked by agreement.

The provisions of the bill prohibit the employment of children under the age of 15 years and also provide for working conditions for children between the ages of 15 and 16.

While the bill provides for the protection of pregnant workers, including women who have stillbirths, and entitles them to four months' maternity leave during which their jobs will be protected, it does not address the issue of maternity pay. A ministerial team has instead been set up to handle this issue.

The team will be composed of: Dorothy Mohale, from Cosatu; Barry Shipman, representing organised business; Charles Meth, from the University of Natal; Aubrey Qalata, representing Nafcoc; and Shadreck Mkhonto, a director of the Unemployment Insurance Fund (UIF).

The terms of reference of the team will be to investigate and determine mechanisms for the financing of maternity pay, including whether it should remain linked to the provisions of the UIF or a similar mechanism; to determine the duration of such pay, including the amount of the benefit; and also deal with the question of maternity pay for domestic workers.

"The bill is extremely challenging to everybody and ... demands of everybody to change step, and to change from an exploitative atmosphere to one which promotes social justice," Mboweni said.

He added that this was one legislative proposal which went to the very heart of the relationship between employers and workers.

PUTTING HEADS TOGETHER *Les Kettledas, of the department of labour, and Tito Mboweni, the labour minister, ponder the provisions of the draft Basic Conditions of Employment Bill*

PHOTO: JOHN WOODROOF

The Star ... Friday April 18 1997

New era of working conditions unveiled

(359)

Star 18/4/97

Shorter hours and generous sick and maternity leave are cornerstones of draft bill on proposed labour legislation

By Patrick Phosa

A 45-hour working week, six weeks' paid sick leave for every three years of continuous employment, and a ban on employing children under the age of 15 are among labour proposals announced by Labour Minister Tito Mboweni yesterday.

The Basic Conditions of Employment Draft Bill promises to revolutionise the workplace by improving the basic working conditions of workers.

Speaking at the launch in Johannesburg, Mboweni said the draft was an embodiment of the desire to achieve social justice for all.

"It is very challenging to everybody and it demands of everybody to change step from an exploitative atmosphere to one that promotes society," Mboweni said.

The proposed law would replace the existing Basic Conditions of Employment Act, the Wage Act and the Agricultural Labour Act, to ensure that all workers are protected by basic conditions. At the moment, working hours range from 46 to 68 hours a week, depending on the type of work. The draft bill proposes 45.

It has been sent to the National Economic Development and Labour Council for further negotiations before it is sent back to the Cabinet. The proposed law will then go to Parliament and eventually become law next year.

The draft is likely to set the ANC-led Government and its alliance partner Cosatu on a collision course because the union is demanding at least six months' maternity leave, four of which have to be paid, while the Government is proposing four months' leave but payment has not been decided on.

Cosatu is also demanding a 40-hour working week.

Cosatu's Witwatersrand region held a "stayaway" to press home its demands concerning the bill after deadlocked negotiations in the National Economic Development and Labour Council last year.

Cosatu spokesman Nowetu Mpati said the federation would react after a special executive committee meeting planned for today to discuss the bill.

She said Cosatu's national strike scheduled for May 12 was still on, and a final decision would be taken today.

45-hour week 'will undermine work ethic'

CT 18/4/97 (355)

DAN SIMON

SOUTH AFRICA'S work ethic, particularly in the manufacturing sector, would be undermined if the country were to adopt and enforce a proposed 45-hour working week, according to the Cape Chamber of Commerce and Industry (CCCI).

The Basic Conditions of Employment Draft Bill, which was published yesterday for general comment, sets down minimum standards for working conditions for all workers, and proposes a reduction of the working week from 48 hours to 45 hours.

The bill, promoted by Labour Minister Mr Tito Mboweni as a "step from an exploitative atmosphere" to one of social justice, allows for imprisonment if its provisions are flouted.

But the CCCI said the bill, if adopted, would undermine South Africa's work ethic.

A city lawyer and a city murder and robbery unit detective also said there was no way they would be able to keep up with their work and case loads if they or their staff had to strictly abide to a maximum 45-hour working week.

CCCI human resources manager Mr Chari Adams said: "We believe this is the thin edge of the wedge. The minister (Mboweni) has indicated that he wants to reduce it further to 40 hours. This is unacceptable and in contradiction to what is required for South Africa in terms of productivity."

Mr Robert Bricout, a director of staff at the legal firm Herbsteins, said he would "go out of business" if he or his staff were to work a nine-hour day.

"The absolute minimum for me is 10 hours a day and I work every weekend. As for my staff, I wouldn't survive if they didn't work nine to five. Most of them come in at eight and often work into the night."

Detective-Sergeant John Nomdoe of the Peninsula Murder and Robbery Unit in Bellville South said his working day normally started as early as 4.30am.

"My average working day is about 18 hours and this includes my 25 colleagues who are covering the whole Peninsula. We can't put in for overtime because they say there is no money and we cannot work a nine-hour day, otherwise we would never solve cases," Nomdoe said.

ILO move threatens public censure unless nations toe line

BD 2/5/97 365

Reneé Grawitzky

COUNTRIES failing to comply with core International Labour Organisation (ILO) conventions could face increasing public censure if the organisation's 174 member states approve adoption of a declaration to this effect next year.

This emerged from a report compiled by ILO director-general Michel Hansenne.

The director-general's report proposed a range of measures to ensure trade liberalisation was coupled with observance of fundamental worker rights.

The report, intended to give effect to a declaration adopted at the World Trade Organisation (WTO) Singapore conference in December, will be discussed at the ILO's 85th annual conference in June.

The WTO refused to be drawn into a debate which linked trade agreements with worker rights and shifted the responsibility to the ILO to ensure enforcement of core labour standards, including freedom of association and collective bargaining and a ban on discrimination and forced labour.

The WTO member states — many are members of the ILO — committed themselves to observing "internationally recognised core labour standards" and stressed that the ILO was the "competent body" to ensure compliance with these standards.

An ILO source said the organisation now faced the formidable task of ensuring the consensus achieved in Singapore was carried through and that the ILO had the ability to ensure the declaration was put into effect.

Hansenne said enforcement was a "matter of political will.

"The question must now be what particular form this political will, so clearly expressed, should take within the ILO."

In his report, Hansenne proposed that in future, the failure to ratify conventions by member states would come under increased scrutiny. And in terms of the ILO's constitution, the governing body would request reasons for the failure to ratify conventions.

He further recommended that the implementation of standards be monitored through a regular report covering social progress. This, he said, would be discussed by member states and lead to national and international public opinion on efforts made by "each state to turn the economic benefits resulting from the liberalisation of trade to good account in terms of social progress".

The ILO believed that "globalisation could not be left to its own devices" and that "freer trade and improved living and working conditions can only hope to develop if there is universal respect for fundamental human rights in the workplace".

First-quarter wage increases below inflation rate

BD 6/5/97 (356)

Reneé Grawitzky

UNION-negotiated wage increases for the first quarter of this year averaged 9,1%, compared with 10% during the corresponding period last year, according to a wage survey released yesterday.

The survey, released by Andrew Levy & Associates, showed increases for union members were below the average inflation rate of 9,6% for the first three months.

This, a consultant said, belied claims by economists of wage-push inflation.

Andrew Levy & Associates research associate Jackie Kelly said that it was still early days.

However, Kelly said, high wage expectations continued to prevail.

Durban-based human resource consultant Pat Stone concurred and said that settlements during the first quarter "are not indicative of where we will end up by year-end".

"While economists have forecast a drop in inflation, this would not suggest that during the peak wage round in July we could see double-digit settlement figures, even if they are marginally above the 10% mark."

The Levy survey indicated that, although settlements averaged at 9,1%, settlements across all sectors ranged between 8% and 12,5%.

Kelly said taking into account the limited number of settlements, the average minimum wage across all sectors was R1 675 a month.

In April, industrial relations consultant Gavin Brown & Associates predicted that average negotiated wage increases for this year would be in the region of 10,3%.

Brown predicted settlements in the retail and commercial sectors would be between 10% and 12%; chemical and allied industries between 8,5% and 11,5%; construction between 9,5% and 11%; food and beverage between 9% and 11%; timber, print and packaging between 9% and 10%; motor and allied between 8,6% and 10%; general manufacturing between 9% and 10,5% and clothing and textile between 9% and 10%.

National Institute for Economic Policy senior economist Asghar Adelzadeh said the wage survey reflected that not only were settlements below inflation, but on the surface did not appear to grant workers the benefits of productivity growth.

Forecasting data indicated productivity increases, he said. Traditionally, not all productivity improvements benefitted labour, but labour should receive some benefit.

SA NEWS DIGEST

☐ WAGES

CT (BR) 6/5/97

First-quarter settlement figures decline to average of 9,1 percent (355)

Wage settlement figures for the first quarter of the current year show a significant decrease compared with the same period last year, according to an interim wage report released yesterday by Andrew Levy & Associates, the industrial relations consultancy.

The settlements to March 31 fell to an average of 9,1 percent from 9,9 percent for the same period last year.

"It is going to be difficult to maintain the levels of settlements we had in previous years because employers are increasingly reluctant to pay higher wage increases, while the unions are determined to get the best increments for their members," said Jackie Kelly, a spokesman for the consultancy.

The report shows that settlements ranged from 8 percent to 12,5 percent across industries, while the average minimum wage for the same spectrum was R1 675 per month. Average settlements among the major unions included 11 percent for the National Union of Mineworkers, 10,7 percent for the Transport and General Workers' Union and 9,5 percent for the National Union of Metalworkers of South Africa. — *Frank Nxumalo, Johannesburg*

Government boost for business women

'DTI project will change role of women in small business'

ARG 8/5/97

BUSINESS EDITOR

The Department of Trade and Industry is to start a drive to boost women's participation in small businesses, according to Alistair Ruiters of the department's Small Business Promotion Centre.

In a speech to this week's International Conference on Women in Small, Medium and Micro Enterprises at the University of Stellenbosch's Centre for Entrepreneurship, Dr Ruiters said the department had set up a gender forum.

This was designed to make women's access easier to all the programmes and incentives run by the department.

An annual work plan had just been finalised, Dr Ruiters said, and "very soon" this would be translated into actions which would make a "lasting impact" on the role of women in small business.

"The structure of business ownership in South Africa illustrates the daunting challenge that faces women," Dr Ruiters said.

Seventy-two percent of micro businesses were owned by women, 36 percent of sewing or clothing businesses, 9,4 percent of manufacturing enterprises and 0,5 percent of building and construction businesses.

Strategies which did not tackle the specific needs of women ran the risk of failure, he said.

Women in rural areas faced unique challenges, while all over the country, traditional stereotypes and attitudes towards women blocked their access to opportunities.

"In most cases, women will not have assets to put down as security in order to access finance.

"It is common practice to expect them to gain approval from their partners in order to access opportunities," Dr Ruiters said.

"In most households, they are always expected to make more sacrifices to keep their families happy.

"And there is a tendency to expect women to demonstrate superwoman qualities in order to gain recognition," he said.

The Government had targeted women for support in its small business promotion strategy, channelled through agencies such as Ntsika, which provided non-financial support, and Khula, for financial support. Apart from the Centre for Small Business Promotion in the department, and the National Small Business Council set up as a watchdog for small business interests, small business desks had been set up in each province's economic affairs department, Dr Ruiters said.

(365)

"Problems such as lack of self-confidence, fear of failure and low self-esteem among women can be attributed to both historical and societal pressures under which women have been and must continue to operate.

"No amount of external interventions by the Government or private sector can successfully eradicate these without the determination and a concerted effort on the part of women themselves."

Reduced hours alone 'will not create jobs'

(355)

Reneé Grawitzky

BD 12/6/97

GOVERNMENT would have to do more to stimulate job creation than merely reducing hours of work and increasing overtime rates, a senior Wits University lecturer said on Friday.

Addressing a Sociology of Work Unit breakfast on a study into hours of work and the implications of introducing a 40-hour week, Glenn Adler of the Wits sociology department said that a 40-hour week was not in itself advantageous.

To facilitate job creation it had to be part of a broader overall strategy to address social wage issues, which included an industrial policy.

The interim findings of a number of research projects conducted in association with the National Labour and Economic Development Institute found that if overtime rates were increased, it would be less costly for employers to pay the proposed increase than hire new workers.

In an attempt to stimulate employment growth, the green paper on employment standards proposed a reduction in working hours and a corresponding increase in overtime rates to discourage the use of overtime and encourage employers to employ additional staff.

The Basic Conditions of Employment Bill, published last month, proposed a reduction in working hours from 60 and 48 to 45 and an increase in overtime rates from time and a third to time and a half.

Wage gap persists despite union efforts

CT (BR) 26/5/97 ~~(408)~~ (355)

ANN CROTTY

Johannesburg — The differential between top and bottom wage earners continues to widen despite the alleged success of trade unions in negotiating for increases for their members, according to labour analysts.

They say ongoing skills shortages have been the key source of upward pressure on wages in recent years — and not trade unions. Skills shortages, which affect employee categories from qualified artisans to top management, have resulted in above-average increases in basic salary as well as substantial improvements in fringe benefits.

Last year, the annual percentage increase in basic salary for management, which includes qualified artisans to top management, was 11 percent. This compares with an average wage settlement of 9,9 percent.

But as the Labour Research Services (LRS) points out: "For many layers of management, fringe benefits account for as much as 35 percent of the total salary package." Some categories of management enjoyed increases in fringe benefits of considerably more than 20 percent.

For many managers fringe benefits account for up to 35% of total salary

In view of the continued pressure on wage costs from this source, labour analysts say it is surprising that companies are unwilling to increase their commitment to training.

A recent LRS survey revealed many of South Africa's larger companies are spending only 2,5 percent of their payroll on training, compared with the international average of between 4 percent and 7 percent.

In addition, although remuneration packages of management are under considerable upward pressure, discussions relating to labour productivity are generally restricted to low-income categories such as factory floor workers.

One labour researcher said this led to a situation "where only low-income workers have to justify their wages on the basis of productivity; management justifies a considerably higher wage level on the basis of a job market that is distorted by continued skills shortages".

This point was well demonstrated by the South Africa Foundation in its "Growth for All" economic strategy released last year. It noted that "highly skilled workers are mobile and able to emigrate in favour of relatively higher earnings in other countries". No reference is made to output or whether they are productive.

By contrast, in its discussion of low-skilled workers the document states that they "produce goods that compete in markets with imports from all over the world". While this may be an accurate reflection of labour market conditions, labour analysts say it distorts the focus of the productivity debate.

Donors back pilot project for jobless

BD 26/5/97

Deborah Fine

GOVERNMENT, business and international donors have come out in support of a new pilot project aimed at harnessing the skills of the unemployed in a bid to reduce SA's high crime levels and widespread poverty.

The project, known as "Pro-jobs Anticrime", has been initiated by non-governmental organisation Build SA, and will focus first — in conjunction with the Alexandra Unemployed Residents Association (Aura) — on finding employment, permanent or temporary, for about 250 000 unemployed workers in Alexandra township, north of Johannesburg.

Build SA national director Dave Jackson said yesterday a number of businesses, government departments, business groupings and religious organisations had pledged their support for the project, and were currently considering proposals to convert that support into financial backing.

He said, however, that approximately R1,5m was needed to kick-start the project, and appealed to the private sector to pledge donations of R30 000 a year to the campaign. All donations could be written off as tax deductions, because Build SA was registered under section 18 of the Income Tax Act.

Companies already considering financial support included EDS, Gencor, Liberty Life, Nedbank, Polaroid, Rand Merchant Bank, Sappi, Standard Bank and Woolworths. Nampak had already donated R62 000 to the campaign, Jackson said.

International donors such as the European Union, the British international development department, the Japanese Embassy and USAid were also considering financial backing for the project. So too were domestic groupings such as Business Against Crime, Business SA, the National Business Initiative, the SA Council of Churches, the Southern African Catholic Bishops Conference and the Union of Orthodox synagogues.

Describing living conditions in Alexandra as "appalling", Jackson said police had estimated that 80% of crime in northern Johannesburg emanated from the township.

There was an unemployment rate of between 95%-98% among Alexandra school-leavers, most of whom waited up to five years to find employment.

Build SA was in the process of building a database of registered unemployed residents as well as conducting surveys among the 5 000 firms and small businesses situated around the township to establish whether or not they could use the residents' services permanently, or on a temporary basis.

The greater Johannesburg eastern local metropolitan council was also considering means by which the unemployed could be used to assist in infrastructure and development projects.

Other government departments which have given the project their blessing include correctional services, labour, home affairs, justice, safety and security, public works and the welfare ministry.

Should it prove to be successful, the project will also be extended to other areas in SA.

Agreements made, pending in major sectors' wage talks

BD 26/5/97 (355)

Reneé Grawitzky

RECENT WAGE negotiations in the major sectors have seen settlements ranging from 8% to 12% in retail and catering, leather, food and chemical, with clothing and texiles on the verge of settling.

Durban-based consultant Pat Stone said while parties faced tough options, there appeared to be a willingness on both sides to settle.

Although reason for optimism existed, there was still tough bargaining ahead as negotiations were still in the early stages in major sectors such as metal, motor and chemical while mining negotiations were yet to begin, he said.

Industrial relations consultant Gavin Brown concurred and said current settlements represented the relatively easier negotiations. The real test would come during June to July.

Initial settlements in retail and catering ranged between 8% and 12%, accounting for firms like Pick 'n Pay, Edgars, Checkers while talks were still continuing at OK Bazaars.

Parties in the clothing industry indicated a settlement was in the offing, while leather had agreed to a settlement in excess of 9%.

Negotiations have also commenced in the broader chemical industry covering seven subsectors with the Chemical Workers' Industrial Union. Core demands included a 20% increase, R2 000 as a minimum wage, six months' paid maternity leave, a 40 hour working week with no averaging, 20% pensionable shift allowance and overtime at time-and-a-half.

Meanwhile, several strikes have occurred in the chemical, paper, printing and allied industries. Paper, Printing, Wood and Allied Workers' Union (Ppwawu) media spokesman Alfred Shabalala said the Federated Timbers strike had been suspended pending further talks at the Commission for Conciliation Mediation and Arbitration.

n Limited

Government 'wants to achieve 40-hour week'

(356)

Jacob Dlamini

BD 27/6/97

CAPE TOWN — Government was committed to striving for a 40-hour working week but did not think it appropriate at this time, labour department minimum standards director Lisa Seftel said yesterday.

Government was determined to find ways to reduce working hours without wage cuts. This would be done in consultation with business and the unions, Seftel said.

The Employment Standards Bill was designed to set appropriate employment conditions, improve the condition of low-paid and vulnerable workers and modernise SA's labour laws, she said. It would reduce gender discrimination, establish clear and uniform rights, promote collective bargaining and support employment creation. The department had inserted safeguards into the bill to prevent disemployment.

It had decided against six months of paid maternity leave as that would have acted as a disincentive which bosses would exploit to not employ women. Under the new bill, women will be entitled to four months of maternity leave.

A task team had been established to investigate appropriate mechanisms for maternity leave payment. Government did not believe bosses should be the only ones to foot the maternity leave bill.

The bill would cover most of the public service, except for the defence force, intelligence services and unpaid volunteer workers, and would allow for statutory wage-setting for farm labourers and domestic workers, Seftel said.

SA's overtime work was higher than in western Europe and southeast Asia. The bill would ensure that working time did not prejudice health and safety. It also contained measures empowering the labour minister to regulate child labour.

Public sector wage gap closes

M+G (PM) 6-12/6/97 (355) (290)

Ferial Haffajee

THERE is good news on the cards for teachers, nurses and police officers in this year's wage negotiations — they're likely to get better increases than other public sector employees.

And the government has proposed a wage freeze for all public servants from chief director level upwards — these categories comprise 0,2% of the public service.

The largest union in the sector, the National Education Health and Allied Workers' Union (Nehawu), has said an even greater number of public servants should not get increases. It proposed in this week's wage round that everybody from director level upwards not take increases this year.

Government this week offered an increase averaging about 9,5%, but it works out higher for "service-providers" in the civil service. In effect the raise for police officers, teachers and the like works out at about 11% — an inflation-busting increase. The state has offered 20% more for the three lowest grades in the police service.

Major trade unions gave talks in the civil service a thumbs-up. "There's a decided change in the way government presented things. There's more openness and there's a sense that government's really taking charge," said Nehawu president Vusi Nhlapo.

Nehawu wants a minimum wage of R2 100, while government is offering a minimum of R1 900 a month. The Public Servants Association's (PSA) representative Caspar van Rensburg said the union "was not miles apart" from government, though it objected to the wage freeze.

But negotiations could come unstuck on the extra amount the government has set aside for increases in savings it made from slimming down the civil service. Government says there is R323-million available in addition to the R6,5-billion budgeted for increases. The PSA says much more should have been saved.

Star 8/6/97

'Love hotels' now open to everyone

Gay couples can now legally frequent the city's "love hotels," a Buenos Aires municipal commission has ruled in a decision that ended two weeks of intense political debate and negotiation. Mayor Fernando de la Rua had called the new regulation "a crazy idea" and suggests that same-sex houses of assignation should be created specifically for gays. Raul Fernandez, the councillor who initiated the change, said: "For us, the fundamental principle is that sexual orientation must not be used as grounds for discrimination." The constitution of Buenos Aires enshrines "the right to be different" and bans "discrimination ... for reasons of race, gender, sexual orientation, age or religion". – Sapa-AFP.

DON'T MISS ...

Monday in TRENDS

The weird and the wonderful from South Africa's hottest young designers.

Tuesday in STARLINE

The Gold Dust pyramid-type scheme offering quick riches for a R800 outlay is just another scam.

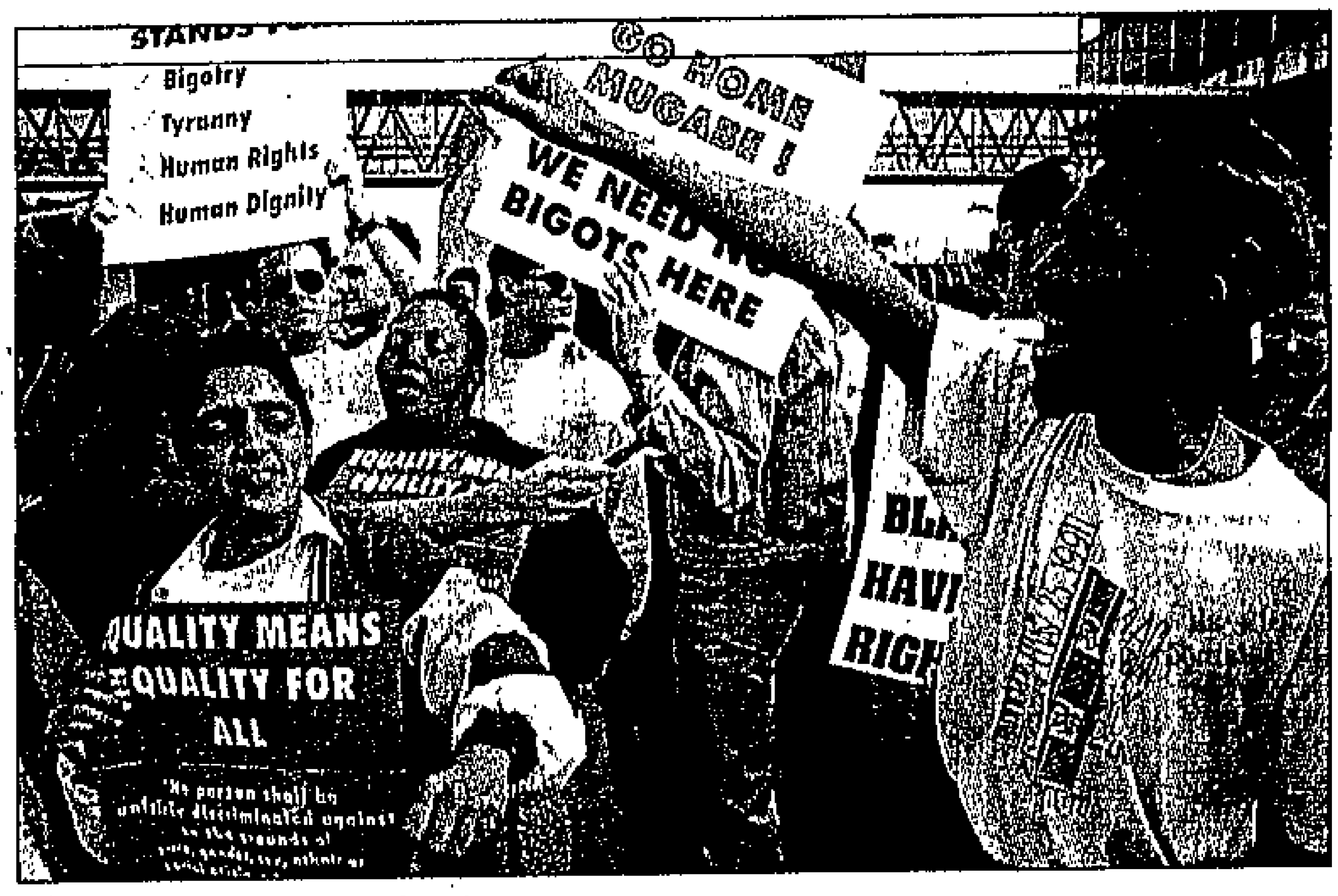
CALL US...

Contact Trends Editor Marika Sboros at 633-2515; E-mail: star.trends@star.co.za

Better work practices sought for homosexuals

(355)

South Africa is the first and only country to guarantee constitutional equality to gays and lesbians. But will employers give same-sex partners recognition? Glenda Daniels reports



Protest for equality ... South Africa's constitution protects gay and lesbian rights.

The constitution forbids sexual orientation discrimination, but employers still battle with the issue in work practices.

There are still laws, practices and policies that discriminate against homosexuals and lesbians. For example, many employers do not give benefits to same-sex partners of gay employees. Most employers do, however, extend such benefits to spouses of married employees.

The only institutions so far which have come out clearly in favour of recognising gay partners are the University of the Witwatersrand, Rhodes University, the University of Cape Town, and Anglo American.

Even here there is still some discrimination, says Mazibuko Jara, co-ordinator of the Equal Rights Project (ERP) at the National Coalition for Gay and Lesbian Equality.

In terms of Wits policy, he says, same-sex partners have to be together for at least five years to qualify for benefits, such as medical aid. In contrast, a heterosexual couple could meet today, marry tomorrow and immediately qualify for benefits.

The coalition is having a conference this weekend to discuss the way forward in terms of the applicable clause of the constitution, to monitor legislation and to discuss its draft code of good practices, aimed at helping employers improve life for gays and lesbians in the workplace.

The focus of the ERP is to look at employment-related discrimination, especially regarding the benefits question.

Right now, while the situation might on the surface appear bleak regarding the recognition of gay partners in the workplace, this is a false impression. There is more than a glimmer of hope for equality because legislation is progressive, and all cases now are precedent-setting ones.

The ERP recently conducted a survey of institutions and companies based on three questions – do you discriminate on the basis of sexual orientation, do you extend benefits to same-sex partners and what procedures are to be followed, if you do extend benefits?

Anyone you cohabit with is family

Only 22 out of 200 employers responded to the survey.

While most universities have a positive attitude, many institutions are defensive and others even hostile.

The response of the 55 Cosatu, Nactu and Fedusa affiliates is even poorer, says Jara. Only the Transport and General Workers' Union met with the ERP to discuss the issue.

The Public Service, the country's biggest single employer, with more than 1,2 million people, still discriminates against same-sex relations in terms of its laws, which is in conflict with the new constitution, says Jara.

The definition and terms used in the regulations and the Public Service Staff Code discriminate on the grounds of gender, sexual orientation and marital status. For example, Regulation A1.1 defines a household, marriage and dependents in a way which excludes same-sex relations and heterosexual partners who are not married.

The denial of benefits on the basis of sexual orientation and marital status is unfair and unconstitutional, says Jara. The new constitution and the Labour Relations Act should be used as a basis for gay and lesbian equality, he adds.

The basic Conditions of Employment Bill in the LRA has a progressive definition of family. In summary, it says that any person an employee cohabits with is family.

"This is the first time in our history that family has been defined in such a broad way. It encompasses all sorts of relationships previously ignored," says Jara.

Some employers willing to consider new policies

Some responses to the Equal Rights Project survey:

- Unisys – no policy, but willing to work with coalition.
- University of Fort Hare – are working on policy, but have not invited input from gays.
- University of Natal – working on policy.
- RAU – does not recognise same-sex partnerships for purposes of employment benefits.
- University of Zululand – currently only legally married spouses receive benefits, but management will consider same-sex partnerships.
- Technikon Free State – confirmed they will extend all legal rights to employees in same-sex relationships and adhere to the LRA.
- City Council of Pretoria – still differentiates on the basis of marital status but is now reviewing its fringe benefits.
- Karos Hotels – benefits do not extend to same-sex partners. Would not meet the coalition.
- CNA – "Our answer is no, since we do not acknowledge common-law wives either. Until the law changes for this, it will remain the same for same-sex partners."
- Alpha Limited – all benefits are enjoyed by employees irrespective of sexual orientation. Benefits are only extended to partners who are married in terms of the marriages act. If legislation is passed recognising same-sex marriages, this would be recognised.
- MacPhail Holdings say they do not ask for details of a person's sexual orientation when they apply for a job so "this survey is not relevant to us". In a follow-up letter, they said they would comply with the new LRA and the constitution.
- BMW SA – employment benefits are non-discriminatory but none is applicable to spouses.
- SA Post Office – no discrimination, but in the case of medical aid benefits only married employees enjoy benefits. Conditions of service will be amended as soon as new legislation is promulgated.
- Unions – Of the 65 affiliates of Cosatu, Nactu and Fedsal, none besides the Transport and General Workers Union agreed to a proposal for a meeting with the coalition.
- The T and G reached an agreement with the coalition about joint future action on shopsteward training and education on sexual orientation discrimination at work.

Wage deals in dispute

M+G (WM) 4-10/7/97 (355)

Ferial Haffajee

GOVERNMENT has begun to reap the benefits of the new Labour Relations Act, with disputes increasingly being institutionalised. This has meant less action on the streets.

Andrew Levy & Associates says strikes for the first half of the year dropped by more than a third compared with same period last year.

Consultant Gavin Brown says: "It's the first time in three years that the public service negotiations have gone into dispute, but otherwise it's normal for this time of the year." Most analysts suggest average increases will match current inflation of 9,5%.

This is the state of negotiations:

ENGINEERING

Workers: 1 285 000, of whom 278 000 are members of the National Union of Metalworkers of SA (Numsa).

Demands: An inflation-matched increase. The new demand for 9,5% is down substantially from the opening demand of 16% to 22%.

Offers: Employers have offered an 8% increase for artisans and 8,5% for other workers, up from the 7% offered during the last round.

Other demands: Numsa wants 200 hours paid training a year. Employers say this is untenable as it amounts to a month off every year for training.

Comment: Numsa and the employer body, the Steel and Engineering Industries Federation, are in dispute but negotiations are continuing.

MINING

Workers: About 300 000 workers belonging to the National Union of Mineworkers (NUM), Mynwerkers Unie, two officials' unions and Electrical Workers Union.

Demands: NUM wants a minimum wage of R1 200 a month, while employers are said to have offered a minimum R1 000 a month to be phased in over three years and an average increase of 8%. The Chamber of Mines does not reveal its wage offer but discussions with its unions continue.

Other demands: Employers want greater union flexibility on Full Calendar Operations, which saves on working costs and boosts productivity.

PUBLIC SERVICE

Workers: 1,2-million, of whom 316 000 have declared a dispute.

Demands: The four Congress of South African Trade Unions-affiliated unions say government has committed itself to an inflation-busting increase, but has only offered 7,5%, while the government says its offer is 9%. Mediation will start soon.

In other notable settlements, about 65 000 workers in the tyre industry last week received an 11,5% increase, while clothing workers received 9,6%.

Numsa also expects a settlement in the auto-assembly sector, where a three-year wage agreement appears to be working well. Now De Beers is pushing for an agreement of the same duration to secure longer industrial peace. The dispute between De Beers and its trade unions, involving about 5 500 workers, of whom the majority are NUM members, was this week still before the Commission for Conciliation, Mediation and Arbitration.

Sactwu to call SADC to account

CT(BR) 12/8/97 (366)

SHIRLEY JONES
KWAZULU NATAL EDITOR

Durban — Employers and governments throughout the South African Development Community (SADC) would be called on to explain massive wage discrepancies and iniquitous conditions of employment throughout the region, the South African Clothing and Textile Workers' Union (Sactwu) said yesterday.

Jabu Ncgobo, Sactwu's general secretary, said the employers and governments did not fully appreciate the implications of a southern African trade bloc.

African governments would no longer be able to sanction low wage levels and mass dismissals in the wake of strikes, as had recently been the case in Zimbabwe, he said.

Sactwu would stand by its decision at last week's congress to keep a careful eye on labour and social clauses within the emerging regional protocol, and push its demand that labour be included in negotiations that would ultimately determine the overall trade agreement.

Ncgobo said despite its concerns, the union was in favour of the SADC trade bloc, especially now that Zambia demanded a preferential trade agreement.

The unions would also make sure that the soon-to-be-formulated trade protocol made it almost impossible for people to bring in complete garments and simply sew in labels and attach buttons, as has had been the case in some of the SADC countries over several years.

"We also believe a lot of money within the clothing and textile industries, which should be going to the workers, is going to governments in the form of high taxes," Ncgobo said.

Many of the governments in liberated states had failed to deliver true freedom to their workforces, he said.

Conditions in many of the other SADC countries were backward compared with South Africa, especially when it came to the provision of medical aid, pension and provident funds.

The industry and labour had long recognised discrepancies between countries such as Malawi, Lesotho, Zimbabwe and South Africa, which were as high as 700 percent, he said.

As far as customs control within the SADC was concerned, Ncgobo said first prize would be a quota system for South Africa. "We would like the focus to be on our customs and excise, so that we don't have to depend on other country's border controls. The more we extend control to other countries, the more difficult control will become," he said.

Business and labour have been at loggerheads over the length of the working week. But as CAROL PATON reports, their war of words bears little relation to what is happening on the ground

The long and the short of the working week in South Africa

Workers across the economy sweat as their bosses do battle with their unions

(355) ST 17/8/97

THANK GOODNESS IT'S FRIDAY: Adam Mahlalele, who spends all week at the wheel of his fuel tanker Picture: BRETT ELOFF

WHEN Adam Mahlalele, a long-distance truck driver, pulled into the Johannesburg depot of the transport company where he works on Thursdays, he had been on the road for 11 days.

Mahlalele had driven his fuel tanker to Congo and back, clocking 193 hours of driving. On his longest day, he began at 4.30am, parking his rig at 2.30am the next day. On an average day, he drove from 5am to 11pm.

Tomorrow he will head back to Congo, with no time for even a fleeting visit to his family in Nelspruit.

The struggle to reduce working hours is at the heart of the wrangle over the proposed Basic Conditions of Employment Bill. For both the unions and business, the 40-hour week is the single most important question at stake in negotiations about the Bill.

But what would be the effect of introducing a 40-hour week? And how long do South Africans work?

The Basic Conditions of Employment Act sets working hours at 46, but many of the strongest unions have already negotiated lower weekly hours through statutory bargaining councils.

For example, production workers in the metal and engineering sectors work a basic 43-and-a-half-hour week and those in the textile and garment industry work 42 hours.

Some companies have already agreed to a basic 40-hour week.

But the propensity of South African employers to use overtime, and the willingness of many workers to work it, stretches the working week, usually by about five hours.

Overtime pay — considered cheaper than employing more people — is an enormous incentive to workers. Says July Moloi, a truck driver: "You're always rushing because you know you're going to get more money."

Moloi and Mahlalele earn a basic weekly wage of R548, but after overtime they take home about R1 200.

While production workers in South Africa work a long week by any standards, their white-collar counterparts work much less.

International Labour Organisation statistics show that in 1995, office workers in the metal and engineering industries worked about 43 and a half hours a week and those in factories worked 49.

Rob Rees, a researcher for the Cosatu policy think-tank Naledi, says as a result, office workers work five and half weeks less a year than factory workers — a stark indication of who bears the burden of hard work in South Africa.

This pattern is evident throughout the manufacturing sector — and Glen Adler of Naledi says it coincides strongly with race.

Long working hours for black production workers are exacerbated by the great distances between home and work and inadequate, expensive public transport, he says. He estimates travel can add up to two hours to a working day.

This means exhaustion and health problems, more risk of injury and limited time for family, recreation or studying, he says. For women it means organising childcare for long absences.

For Cosatu, what all this amounts to is that black workers in particular work too long. The unions say a shorter working week would mean a happier, healthier and more productive employee.

That a shorter working week could have positive spin-offs for productivity is an idea many employers have shown themselves willing to entertain.

But most oppose any move to reduce working hours through legislation — whether it be by one hour to 45 hours as proposed by the Bill, or by imposing the 40-hour week as a basic standard through a phase-down over a number of years, another proposal in the talks.

Hans Smith, the chairman of Business South Africa, says: "There are organisations where they are at 40 hours, which they have negotiated, and we support that. But what we're talking about is a basic condition."

He adds: "We're now part of the global village and, in the light of who we are competing against and the fact that we are at the bottom of the commodity cycle, this means this is a very strained time in our ability to decrease working hours and increase labour costs."

Smith compares South Africa with other countries in the developing world where working hours are far longer.

In Brazil, for instance, standard working hours are set at 44 — a recent reduction from 48 in 1988. As in South Africa, a lot of overtime is worked.

In Asia, both weekly hours and overtime levels are high. Korea, for example, works just under 49 hours.

In western Europe, working hours are in the range of 35 to 37 hours. In the US, the average working week is about 35 hours, but low annual leave means workers work more hours a year than do their European counterparts.

But comparisons of working hours only may not be that helpful in determining whether South Africa is working hard enough or not.

As Business South Africa, Cosatu and the government throw punches over the issue, many chemical-sector employers are quietly settling plans with unions to phase in a 40-hour week.

The chemical sector has, admittedly, got a shorter road to travel than the rest of manufacturing in reducing hours.

But the philosophy informing employers is also simply that productivity is not so much about working longer as it is about working smarter. The industrial rubber sector, for example, is likely to agree soon to phase down working hours to 40 over the next five years.

David Duncan, a spokesman for rubber employers, says: "Each hour we phase down without loss of pay means a 2,2 percent rise in labour costs, so of course there are big productivity implications. One would hope that if the mind-set is right, productivity could benefit from a shorter working week."

Duncan says the agreement employers hope to sign with unions will establish a joint working party to make long-term survival plans for the industry, where the number of jobs has shrunk.

The global economy and cheaper imports are largely responsible for a new attitude among management, who are looking for new ways to survive.

"We've got to be pragmatic. By entering into a spirit of co-operation we can create a future for ourselves."

Ironically, this is what Adler and his colleagues are saying: if the 40-hour week is to result in workers working smarter, not harder, the debate must shift to the search for a common vision between business and labour.

But at the broad economic level, achieving such a vision may be impossible. A legislated 40-hour week throws up problems for continuous operations, most of which work on a 42-hour shift system, and small businesses, farms and unsociable jobs like truck driving.

Cosatu to strike over hours and maternity leave

ARG 19/8/97 (366) (186)

March set for tomorrow

JOSEPH ARANES
STAFF REPORTER

The Western Cape region of Cosatu has called on members to strike tomorrow in support of demands for a 40-hour week and six months' maternity leave to be included in the Basic Conditions of Employment Bill.

A 48-hour national strike early in September, when the unions and business make their submissions on the Bill to Parliament, is also on the cards.

Regional chairman Randy Pieterse said that while the union federation was not out to cripple the economy, it had had enough of the arrogance and intransigence of Business South Africa during the negotiations on the contents of the Bill.

"We are determined ... and our strike is part of a broader national campaign to show the government and big business that we are serious about democratising our places of work."

Cosatu affiliates in the Eastern Cape went on strike yesterday. Members in KwaZulu-Natal will down tools today and in Gauteng on Thursday.

Other demands include double pay for working on Sundays and a minimum working age of 16 years.

Mr Pieterse said workers would assemble on the Grand Parade at 10am and march to the Adderley street offices of Business South Africa. Workers from the other large union federation, Nactu, and several independent trades unions – and students – are expected to show their support for the workers' demands.

A Cape Chamber of Commerce and Industry spokesman said it was unfortunate that Cosatu had chosen to go ahead with industrial action as it was just adding to the country's economic woes.

Mboweni ploughs on with labour bill

POLITICAL STAFF

Cape Town – Labour Minister Tito Mboweni has not shifted the deadline of September 3 for Cabinet approval of workplace legislation, in spite of a week of strike action by the Congress of SA Trade Unions in a bid to force last-minute changes.

The union federation also gave notice that when the bill is presented to the labour committee of the National Assembly it will spark a further set of strike actions.

Mr Mboweni's spokeswoman Estelle Randall said the bill was still scheduled to be tabled in Parliament on September 15. She declined to comment on whether the minister would hold further talks with labour to settle the dispute on the bill.

Last week, all-night talks between Cosatu and Mr Mboweni failed to reach a compromise. KwaZulu Natal and Mpumalanga workers are set to strike for 24 hours today, the Western Cape tomorrow and Gauteng and other provinces on Thursday.

'Social projects no excuse for low pay'

(385)

Nicola Jenvey BD 9/9/97

DURBAN — Organised labour has attacked companies which spent millions of rands on social investment projects while claiming they did not have funds to pay "acceptable wage increases or to avoid retrenchments".

The Congress of SA Trade Unions' regional general secretary, Paulos Ngcobo, told a corporate social investment conference yesterday that social investment in the reconstruction and development of SA society and spending on labour were not mutually exclusive. He said workers at one KwaZulu-Natal company had embarked on a six-week wage-related strike this year following a television advertising campaign. The workers believed the company should have invested in wage increases instead of advertising and promotion.

But Public Works Minister Jeff Radebe said human resource development also needed "serious attention" from business if black economic empowerment was to have any value.

(366)

Workers' wage deals beat inflation

BD 14/10/97

WORKERS covered by centralised and plant level bargaining agreements have received, on average, wage increases just above inflation levels during the nine months ending in September, a wage settlement survey released yesterday shows.

The survey by Andrew Levy & Associates found increases in the period under consideration averaged 9,5%. The prevailing inflation rate was 9,3% up until the end of August.

Levy research editor Jackie Kelly said the average industry minimum wage, calculated across all sectors, was R1 660. Settlements ranged from 6,8% for the Paper, Printing, Wood and Allied Workers' Union to 25% for the National Union of Mineworkers.

NEWS

Overseas blue collar staff put in fewer hours but their productivity is higher

SA workers have longer hours

CT (BR) 14/10/97 (355)

FRANK NXUMALO
LABOUR CORRESPONDENT

Johannesburg — South African blue-collar workers put in longer hours compared with their counterparts in the US, Europe and Japan, according to a quarterly survey released yesterday by Andrew Levy and Associates, a labour consultancy.

The report said an annualised figure was calculated on the total number of hours worked minus annual leave and public holidays.

In the UK, for example, this meant a working year in the region of 1 500 to 1 800 hours, with an average of 1 777 a worker.

"If we make the same calculation here based on a 45-hour week as envisaged in the new Basic Conditions of Employment Bill, three weeks' annual leave and 14 public holidays, the annualised figures would be approximately 2 100 hours," the report said. Based on a 40-hour week, the annualised figure would be 1 800 hours.

However, both the consultancy and the South African Chamber of Business (Sacob) said the figures had to be viewed against socio-economic conditions in each country.

"Perhaps we aren't in line with European and US standards, but I think this is linked to productivity, the logic being that if your productivity is still high, then you recoup the wage bill, in a sense," said Jackie Kelly of Andrew Levy.

"I think employers here would like a reduction in working hours linked to productivity as this reduction increases the wage bill," Kelly said.

Janet Dickman, a spokesman for Sacob, said the level of the country's economic development did not warrant the same working conditions as those in highly industrialised countries.

"There is a context of economics in a particular country," she said. "European countries and the US are highly developed and the workers highly productive, but it's generally accepted that South African workers are not very productive.

"We are not opposed to the reduction of working hours in principle. What we are saying is that at this stage of our economy, where we are trying to be internationally competitive, we need to work harder," Dickman said.

She said Sacob preferred agreements on working conditions to be reached by industries or companies as opposed to legislation applied across the board without taking into account sectoral differences.

"We don't want the law to say everyone must work less. We want it to apply where it is appropriate, and all these things (reduction of working hours, premiums on overtime and Sunday work) would add to unit labour costs."

Lay-offs

855 ED 17/11/97

Continued from Page 1

lems was the fact that surplus staff could not be shed because of the lack of affordable retrenchment mechanisms.

An industrial relations specialist said yesterday that an affordable retrenchment package would not bring much relief in the coming year because of the political and social difficulties of retrenchment as well as delays imposed by labour laws, plus the fact that a private sector package costs about a year's pay and therefore the savings would not accrue until the second year.

The government official said the major cost of the current retrenchment package was the provision of a full pension for all employees with more than 10 years' service and therefore skewed it in favour of people at the top and those with more than 10 years service.

Private sector norms are a number of weeks' salary a year of service plus the retrenched employee's payout from the pension or provident fund equal to their actuarial assets.

Clearly, the official said, there would have to be a trade-off between the number of weeks salary a year of service, the option of early retirement and the social plan. It was critical that lower-paid workers who were retrenched did not suffer long-term unemployment under the social plans.

The social plans should, as discussed in the National Economic, Development and Labour Council, use expertise from departments such as labour and trade and industry, and include counselling and support.

The SA Democratic Teachers' Union last week threatened a nationwide strike after the education ministry confirmed that the jobs of many of SA's approximately 60 000 temporary teachers were on the line.

While it was easier to retrench casual and temporary public servants, many were in fact long-term employees, the government official said.

Comment: Page 15

Finding 'could affect labour conditions'

(355)

Reneé Grawitzky BD 21/11/97

A RECENT Labour Appeal Court finding that a company discriminated against certain groups of employees by not allowing them to join a traditionally white, monthly-paid staff benefit fund could have "profound implications on the way conditions of employment were structured", a labour law seminar heard yesterday.

Addressing delegates at the eighth Juta's labour law seminar in Johannesburg, labour lawyer André van Niekerk said this decision, handed down last month, could in particular affect the way in which employment conditions relating to retirement funds were structured.

He cautioned that employers might be forced to review current bargaining agreements which differentiate between those paid on a weekly, hourly or monthly basis in the granting of employment conditions.

In the case of Leonard Dingler Employee Representative Council & others v Leonard Dingler (Pty) Ltd & others, the applicants argued that the exclusion of weekly-paid employees from membership of a pension fund — open for membership only to monthly-paid employees — amounted to discrimination on the grounds of race.

Van Niekerk said the employer argued that this was not true and the question of differentiation was based on pay.

He explained that the company, in its employment conditions, required employees to join one of three retirement benefit funds. Pension fund members were all black weekly-paid employees while members of the staff benefit fund, with four exceptions, were white. The provident fund — which was negotiated between the union and company — had weekly- and monthly-paid employees as members.

The dispute arose when some employees requested to join the staff benefit fund and the company refused because membership was only open to monthly-paid employees. The employer contended there had been no discrimination, direct or indirect, because the refusal to admit the workers to the benefit fund had been on account of their status and not on account of race.

The applicants challenged that there was a distinction between weekly- and monthly-paid status and alleged that as a rule blacks were first employed on a weekly basis and thereafter "promoted" to monthly-paid status. Whites, on the other hand, were immediately employed on a monthly basis. Further the company did not require or offer membership of the staff benefit fund to black monthly-paid employees.

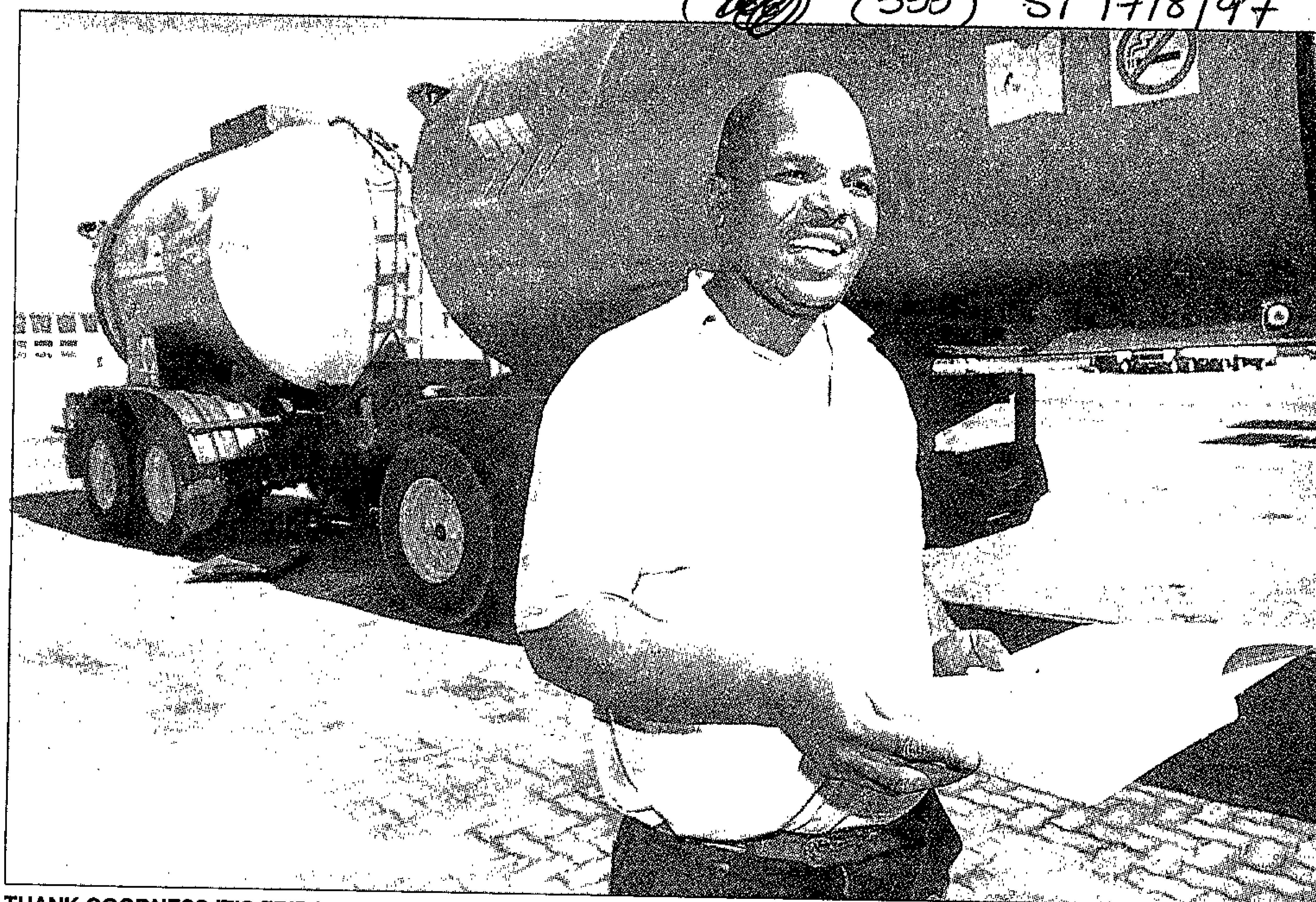
"In other words, even if the criteria of monthly- and weekly-paid status were valid criteria for membership of the respective pension funds, the company failed to apply the rules of the staff benefit fund consistently." On that basis the court found the company had directly discriminated against black monthly-paid employees by treating them differently to white monthly-paid.

Business and labour have been at loggerheads over the length of the working week. But as CAROL PATON reports, their war of words bears little relation to what is happening on the ground

The long and the short of the working week in South Africa

Workers across the economy sweat as their bosses do battle with their unions

(355) ST 17/8/97



THANK GOODNESS IT'S FRIDAY: Adam Mahlalele, who spends all week at the wheel of his fuel tanker Picture: BRETT ELOFF

WHEN Adam Mahlalele, a long-distance truck driver, pulled into the Johannesburg depot of the transport company where he works on Thursdays, he had been on the road for 11 days.

Mahlalele had driven his fuel tanker to Congo and back, clocking 193 hours of driving. On his longest day, he began at 4.30am, parking his rig at 2.30am the next day. On an average day, he drove from 5am to 11pm.

Tomorrow he will head back to Congo, with no time for even a fleeting visit to his family in Nelspruit.

The struggle to reduce working hours is at the heart of the wrangle over the proposed Basic Conditions of Employment Bill. For both the unions and business, the 40-hour week is the single most important question at stake in negotiations about the Bill.

But what would be the effect of introducing a 40-hour week? And how long do South Africans work?

The Basic Conditions of Employment Act sets working hours at 46, but many of the strongest unions have already negotiated lower weekly hours through statutory bargaining councils.

For example, production workers in the metal and engineering sectors work a basic 43-and-a-half-hour week and those in the textile and garment industry work 42 hours.

Some companies have already agreed to a basic 40-hour week.

But the propensity of South African employers to use overtime, and the willingness of many workers to work it, stretches the working week, usually by about five hours.

Overtime pay — considered cheaper than employing more people — is an enormous incentive to workers. Says July Moloi, a truck driver: "You're always rushing because you know you're going to get more money."

Moloi and Mahlalele earn a basic weekly wage of R548, but after overtime they take home about R1 200.

While production workers in South Africa work a long week by any standards, their white-collar counterparts work much less.

International Labour Organisation statistics show that in 1995, office workers in the metal and engineering industries worked about 43 and a half hours a week and those in factories worked 49.

Rob Rees, a researcher for the Cosatu policy think-tank Naledi, says as a result, office workers work five and half weeks less a year than factory workers — a stark indication of who bears the burden of hard work in South Africa.

This pattern is evident throughout the manufacturing sector — and Glen Adler of Naledi says it coincides strongly with race.

Long working hours for black production workers are exacerbated by the great distances between home and work and inadequate, expensive public transport, he says. He estimates travel can add up to two hours to a working day.

This means exhaustion and health problems, more risk of injury and limited time for family, recreation or studying, he says. For women it means organising childcare for long absences.

For Cosatu, what all this amounts to is that black workers in particular work too long. The unions say a shorter working week would mean a happier, healthier and more productive employee.

That a shorter working week could have positive spin-offs for productivity is an idea many employers have shown themselves willing to entertain.

But most oppose any move to reduce working hours through legislation — whether it be by one hour to 45 hours as proposed by the Bill, or by imposing the 40-hour week as a basic standard through a phase-down over a number of years, another proposal in the talks.

Hans Smith, the chairman of Business South Africa, says: "There are organisations where they are at 40 hours, which they have negotiated, and we support that. But what we're talking about is a basic condition."

He adds: "We're now part of the global village and, in the light of who we are competing against and the fact that we are at the bottom of the commodity cycle, this means this is a very strained time in our ability to decrease working hours and increase labour costs."

Smith compares South Africa with other countries in the developing world where working hours are far longer.

In Brazil, for instance, standard working hours are set at 44 — a recent reduction from 48 in 1988. As in South Africa, a lot of overtime is worked.

In Asia, both weekly hours and overtime levels are high. Korea, for example, works just under 49 hours.

In western Europe, working hours are in the range of 35 to 37 hours. In the US, the average working week is about 35 hours, but low annual leave means workers work more hours a year than do their European counterparts.

But comparisons of working hours only may not be that helpful in determining whether South Africa is working hard enough or not.

As Business South Africa, Cosatu and the government throw punches over the issue, many chemical-sector employers are quietly settling plans with unions to phase in a 40-hour week.

The chemical sector has, admittedly, got a shorter road to travel than the rest of manufacturing in reducing hours.

But the philosophy informing employers is also simply that productivity is not so much about working longer as it is about working smarter. The industrial rubber sector, for example, is likely to agree soon to phase down working hours to 40 over the next five years.

David Duncan, a spokesman for rubber employers, says: "Each hour we phase down without loss of pay means a 2,2 percent rise in labour costs, so of course there are big productivity implications. One would hope that if the mind-set is right, productivity could benefit from a shorter working week."

Duncan says the agreement employers hope to sign with unions will establish a joint working party to make long-term survival plans for the industry, where the number of jobs has shrunk.

The global economy and cheaper imports are largely responsible for a new attitude among management, who are looking for new ways to survive.

"We've got to be pragmatic. By entering into a spirit of co-operation we can create a future for ourselves."

Ironically, this is what Adler and his colleagues are saying: if the 40-hour week is to result in workers working smarter, not harder, the debate must shift to the search for a common vision between business and labour.

But at the broad economic level, achieving such a vision may be impossible. A legislated 40-hour week throws up problems for continuous operations, most of which work on a 42-hour shift system, and small businesses, farms and unsociable jobs like truck driving.

Wages set to beat inflation

(355) CT 28/3/96

By James Lamont

Johannesburg — Workers could expect an inflation-beating average increase of 10,2 percent in this year's round of wage negotiations.

But business would not create jobs in line with the level of economic growth, a collective bargaining survey for the first quarter said.

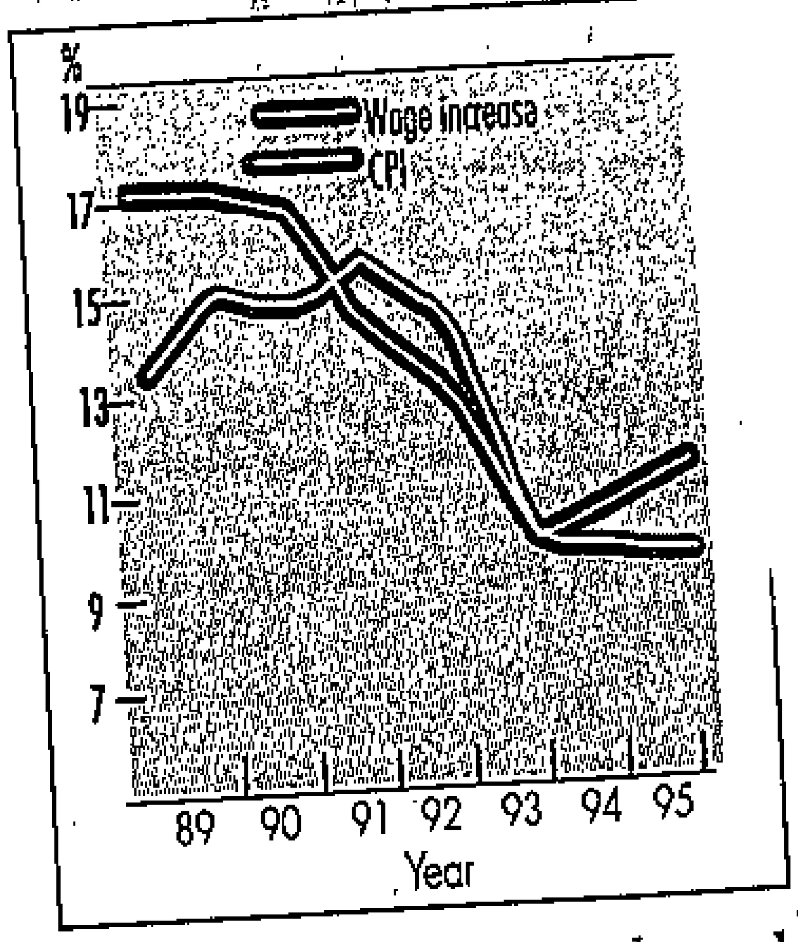
The survey, to be released today by Gavin Brown & Associates, indicated that employers expected wage settlements to be well ahead of inflation. However, they expected only minimal growth in job numbers.

Wage rises in the clothing, leather and textile sectors, which faced heavy job losses and reduced protection from the government, might not exceed the inflation rate, the survey said.

Inflation fell to 6,5 percent last month.

The survey said that the current bargaining round would be influenced by the lowest inflation rate since the expansion in collective bargaining in the early 1980s, accelerating economic growth and pending union-friendly legislation.

Wage increase and CPI



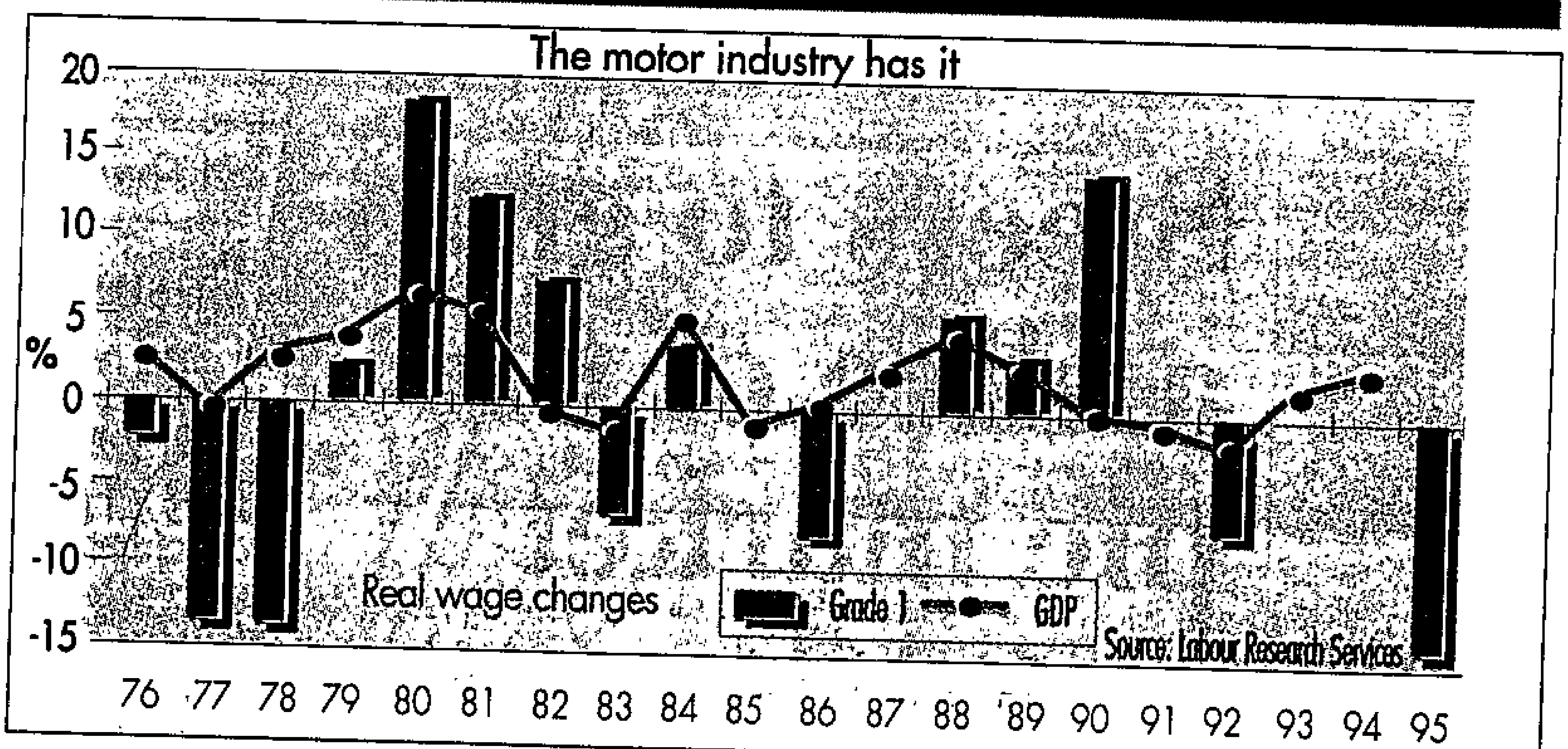
The survey said that the poll response suggested a marginal average increase of less than 2 percent to the complement of permanent employees.

Gavin Brown & Associates painted a gloomy picture for this year. It observed economic growth without increased job opportunities, a union movement devoid of leadership and increasingly at odds with the government, and shoddily prepared labour legislation that insulated the employed from competition because 45 percent of the workforce remained unemployed.

OPINION&ANALYSIS

'GROWTH FOR ALL'

Wage Flexibility



Tenuous link between jobs and wages

CT (BR) 1/3/96 (355)

ANN CROTTY

Sadly, the South Africa Foundations' "Growth for All" economic strategy announced yesterday adds little to the debate on this country's unemployment crisis.

There is minimal evidence to support its notion that low wages would create more jobs. Further, the power of the trade unions is greatly overstated by the insinuation that high wages and labour-market inflexibility can be attributed largely to them.

A useful document to read in conjunction with the foundations' strategy paper is Bargaining Monitor, published by Labour Research Services.

The foundation believes that low wages create jobs, but its recommendation that a second-tier labour market be created sounds very much like the border-area schemes set up by the National Party government.

These areas were exempt from wage regulations and free of trade unions. They benefited from wage subsidies, but were only moderately successful in creating jobs.

Wages of about R100 a week in a number of industries covered by "wage determinations" have done little to increase job opportunities. This indicates there is no direct relationship between wage levels and job creation.

The Bargaining Monitor stresses the experience of the former homelands, where wages are among the lowest in South Africa and unemployment levels among the highest.

That suggests it is facile to blame high wages for unemployment or, conversely, that the creation of a second-tier labour market would solve the country's unemployment problems.

The debate about the role high wages play in South Africa's unemployment is made unnecessarily fuzzy by the uncertainty on exactly what constitutes wages.

The foundation's report says that "unit labour costs are high in South Africa by international standards, with average wages modest, but productivity low". This suggests that wages here means wages negotiated by trade unions for blue-collar workers.

It also implies that low productivity has a lot to do with labour and little to do with its managers.

According to the Bargaining Monitor, there is apparently no national information on the share of white-collar or skilled wages in the total wage bill.

Highly skilled workers are in short supply in South Africa, so it would seem that their bargaining position would ensure they receive much better increases than lower-skilled workers.

According to Bargaining Monitor, unionised workers make up only 32,6 percent of employed workers and do not feature in the numbers for highly skilled workers.

The trade union's power to force wages of unskilled workers to onerous levels seems greatly overstated. The Bargaining Monitor says that many agreements between unions and employers have set wages at well below the R700-a-month mark identified by the foundation as a good job-creating level.

Over the past decade most unions have managed to negotiate only minimal real wage increases. Even the relatively powerful NUM has adhered to a flexible wage policy. (See chart)

There is considerable scope to promote low-skill employment, particularly in basic industries such as tourism, though the employment level in much of South Africa's manufacturing sector is determined more by technology than wages.

Anecdotal evidence presented to the manpower commission supports the view that employment has a high degree of wage inelasticity.

project in Soweto earlier this week. The money is to help in the area. Housing MEC Dan Mofokeng, top right, hands

Pictures: ROBERT BOTHA

Progress made in talks on employment paper

Renee Grawitzky (355)

BD 5/6/96

NEGOTIATIONS on the employment standards green paper are continuing behind closed doors despite problems at the outset which resulted in the missing of a provisional deadline of the end of May.

Parties have reported some progress has been made and negotiations will hopefully be finalised by the end of June. However, the major stumbling block remains an agreement on hours of work and the introduction of a 40-hour working week as proposed in the green paper and supported by government.

The paper attempts to promote "regulated flexibility" but discussions on the reduction in working hours expose the divide between labour and business on the balance between regulation and flexibility.

The labour ministry has supported the green paper's proposals for an initial reduction in working hours from 46 to 45 and to ultimately achieve a 40-hour week. As opposed to a legislated 40-hour week, the ministry favours a national framework agreement between the parties to achieve this.

The green paper tries to promote reduced hours coupled with flexible working arrangements.

Labour is still demanding a 40-hour week with indications that consideration would be given to phasing this in over five years but appeared opposed to certain flexibility arrangements under discussion including a compressed working week.

Business is opposed to a 40-hour week, but was prepared to consider certain flexible arrangements. Comments by business on the green paper reflect that it was opposed to the introduction of a 40-hour week by "means of a national agreement, because circumstances differ too radically from one industry to the next for this to be realistic".

Areas of possible disagreement extend beyond the chapter on hours of work and also relate to overtime rates, Sunday work and the premium paid on Sunday, leave provisions, and how employment standards could be varied.

THE CAPE

Parental rights: Saccawu may strike

(355)

ESTELLE RANDALL
Labour Reporter

ARG 13/6/96

THE SA Commercial Catering and Allied Workers' Union (Saccawu) has threatened strike action if its dispute with 3M South Africa over parental rights is not resolved.

This is only the second time a South African trade union has gone into dispute over parental rights.

At issue is Saccawu's demand for child-care leave and a pre-school subsidy of R500 a year.

The company is believed to be in agreement with the union's other demands of eight months paid maternity leave – six months of which would be paid at 33 percent and two months at full pay – five days paid paternity leave, and post-natal leave of five days.

An attempt to resolve the dispute through mediation failed last week.

Besides the threat of a strike, Saccawu plans to elicit support from unions abroad who organise at 3M. The company, with its head office in the United States, also has interests in Germany and South Korea.

Saccawu spokeswoman Pat Appolis said 3M in the US had been ranked among the 100 best companies for providing "family-friendly" benefits. It had been the first US company to grant subsidised child care for employees with sick children.

In South Africa, the company had embarked on several social responsibility programmes, including funding community crèches, but was reluctant to extend the right to combine work with family responsibilities to their employees, Ms Appolis said. In South Africa, where about 60 percent of female employees are entitled to maternity benefits from employers, according to an International Labour Organisation (ILO) country review in 1996, Saccawu has led the field in the struggle for parental rights.

Parental rights agreements secured by the union cover about 60 000 workers, of whom about 60 percent are women. In 1982, it secured a landmark agreement with Pick'n Pay which gave pregnant workers the right to return to work after nine months paid maternity leave. Workers also had the option of taking another two months' unpaid leave. Parents who worked at Pick'n Pay could share the 11 months.

In 1990, Saccawu went into dispute with Foschini over parental rights but a strike was averted when the company agreed to meet the union's demands. These were for a R620 one-off child-care allowance and six months paid maternity leave, shared with the child's father, if he also worked at Foschini.

Wages, job creation not always linked

(355)

Renee Grawitzky

BD 20/6/96

THE labour market commission acknowledges that although a trade-off exists to some extent between wage and employment levels, it does not follow that unemployment is simply caused by high wages.

This is among the positions adopted by the commission in its deliberations on the elasticity of wages and employment.

Research conducted by the World Bank and Prof Sam Bowles has concluded that wage increases have a negative effect on employment to the extent that in the long term, a 10% increase in real wages has been associated with a 7% decline in employment levels.

The commission points out that these studies measured the average relationships and do not necessarily hold for wages at the lowest level.

The commission says that it is simplistic to conclude that if wages can be lowered, job growth can automatically follow.

Call for legislation on 'employment equity'

BD 20/6/96

Renee Grawitzky

THE Labour Market Commission has recommended that legislation on "employment equity" or affirmative action be placed before Parliament soon.

The commission's report says the law should rely on targets, not quotas.

The commission recommended that legislation should require employers to formulate comprehensive affirmative action plans and that these should be monitored by a new directorate of equal opportunities within the labour department.

There would be no direct penalties for non-compliance. However, companies' action plans would be assessed when companies put in tenders for government work. The commission said: "Major sanctions and incentives should centre on the extent to which access to government resources is facilitated by the filing of a serious employment equity plan".

Commission co-chairman David Lewis said that proposed legislation would be enabling, not prescriptive.

The commission said that affirmative action policies should be directed at redressing the "labour market manifestations of racial and gender discrimination and discrimination against the disabled".

It questioned whether legislation along the lines mentioned by Lewis would be effective and said "it will be important for the directorate of equal opportunities to develop a partnership and a sense of common purpose with companies and with institutions".

The commission was of the view that newly established institutions, namely, the directorate of equal opportunities, workplace forums and the Commission for Conciliation, Mediation and Arbitration were potentially powerful enough to play key roles.

The commission said employment equity programmes that "embody a strong internal labour market focus must place considerable emphasis on deracialising the higher ranks of the shop floor", meaning supervisors and skilled technical workers.

Commissioner Niccoli Nattrass, an economist at the University of Cape Town, in a dissenting opinion, agreed that affirmative action could be an important way of addressing labour market discrimination and disadvantage in SA.

However, she objected to the "commission's failure to problematise (sic) race, or to appreciate that the overlap between race and the labour market disadvantage is not exact".

Affirmative action, she argued should ultimately be guided by socio-economic considerations.

Minimum wage needed

(355) ~~(193)~~

Sowetan 20/6/96

By Abdul Milazi

SOUTH Africa needs regulated minimum wages and conditions of employment to stem the current exploitation of workers in some industries, the Labour Market Commission recommends.

In its document, which was released in Parliament yesterday, the commission proposes that laws should be formulated to curb child and forced labour, poor wages and working conditions.

"On balance the commission is in favour of the principle of determining minimum wages and conditions, while modernising and adapting the systems used and the scope and extent of coverage," the document says.

It however, cautions that regulating minimum wages is not the solution, but one strategy to fight poverty.

The Wage Board should set minimum wages in sectors where no effective collective bargaining exists, argues the commission.

Little research

However, it concedes that there is little research to assist it in assessing the potential impact of a minimum wage in the country.

Although a Wage Board was established in 1925 to make recommendations on minimum wages and conditions of employment, it is not effective.

"The original aim was to provide a minimum floor predominantly for white workers in those sectors and areas where there were no industrial councils," the report says.

It further recommends the promotion of collective bargaining councils.

The Department of Labour should encourage these councils and facilitate their establishment in industries where they did not exist.

Employment generation should not be harmed — Labour Market Commission

'No' to single minimum wage

(356) (173) ET (MR) 20/6/96

By Christo Volschenk
ECONOMICS EDITOR

Cape Town — The Lewis-Ngoasheng commission, which was set up about 18 months ago by Tito Mboweni, the labour minister, to draft a comprehensive labour market policy for the government, is opposed to a single minimum wage for all sectors of the economy and all regions of the country.

Instead, the commission recommended to government yesterday that the Wage Board be reconstituted and that different minimum wages be determined for sectors or parts of sectors of the economy where no effective collective bargaining existed.

Minimum wages in a subsector could vary between regions, the commission said.

Once a minimum has been set for a sector or subsector in a particular region, no employer in that subsector and region would be allowed to pay less than the minimum.

The commission did not indicate what an appropriate minimum wage would be and merely suggested that minimum wages be set "at modest levels" so as "not to harm employment generation".

The commission presented its report to Mboweni yesterday and he will appoint a team of experts in the next few weeks to decide which of the proposals to accept.

The commission proposed that minimum wages should also be set for workers in the agricultural sector and for domestic workers.

The Wage Board should attach a monetary value to payments in kind to farm workers, such as accommodation and food, it said.

"The different minimum wages for the different sectors, subsectors and regions of the country must be introduced incrementally to enable the Wage Board to feel its way towards appropriate minimum levels," the commission said.

"The minimums will prevent some exploitation and assist workers who may otherwise be at the mercy of their employers. The board must monitor the impact of its minimum wages on employment and living conditions and publicise its findings."

The Wage Board should hold hearings before minimum wages are determined and these wages must be then be approved by the minister of labour and gazetted, it said.

The commission acknowledged that it would be very difficult to enforce minimum wages for the 870 000 domestics employed mostly by white households.

Minimum wages for domestic workers should vary between local authorities and the wages paid to domestic workers should qualify employers for a deduction from the households tax bill, if formal documentation of payment is supplied.

"This will not only encourage employers to pay higher wages but also encourages the drawing up of formal contracts," the commission said.

(356)

Cosatu in warning of 'war' over pay curbs

ST 23/6/96

By CAROL PATON

TOP officials of the Congress of South African Trade Unions have warned that asking the poor to pay for economic growth by restraining their wage demands is "like asking for war" with the nation's workers.

In the first major criticism of the government's new economic direction, the Cosatu assistant general secretary, Zwelinzima Vavi, said on Friday that wage restraint was unacceptable to workers.

The proposal was made in the macroeconomic framework announced by Deputy President Thabo Mbeki and Finance Minister Trevor Manuel last week and was backed up by the Labour Market Commission's report released this week.

"You cannot ask a worker earning R200 a week in a company where the chief executive officer earns two million a year, to exercise wage restraint. You're asking for war. Even if union leadership softens up and accepts the idea, South African workers are too politicised to accept it," Mr Vavi said.

Ebrahim Patel, the labour convener of the National Economic, Development and Labour Council (Nedlac), said: "If there is a serious effort to ask people earning R200 a week not to fight for a living wage, we are in for enormous conflict. We want to send a warning signal that if you try to get the lowest paid people to pay for growth, there will be problems."

In terms of the government's economic policy, "appropriate" wage levels are a precondition to turning the rand's depreciation into a competitive advantage for industry and ensuring long-term industrial competitiveness.

Mr Vavi said that unions would not discuss pay restraint unless the high salaries of ... blacks and whites, and social inequalities were also addressed.

Union leaders were also sceptical of the call this week by the Labour Market Commission for a social accord between government, business and labour on pay, prices and investment. Mr Patel said while labour would not be opposed to negotiating a series of national agreements, it had a number of issues it would want to put on the table. These included the income differential between workers and managers, large-scale public works programmes and fiscal reform to bring about redistribution.

Cosatu has also criticised a recommendation by the commission to alter the conditions under which agreements made in industrial councils can be extended to firms that are not council members.

During the negotiation of the Labour Relations Act last year, the extension of agreements was a fiercely contested issue. The final Act allowed for extension of agreements across industrial sectors if a council consisted of at least 50 percent of the particular industry. The commission recommended that the minister of labour be given the discretion to extend agreements.

"In drawing up the LRA this was hotly contested. A compromise was made and a deal signed. To try to undo that deal is like repudiating the LRA. It's like saying everyone can now do what they did before the deal was signed," Mr Vavi said. He described a recommendation to introduce a trainee wage level for new entrants into industry as "an attempt to introduce a two-tier labour system by stealth".

Mr Patel said that while trainee wages were already accepted by unions in some industries, a proposal to introduce a

'Warning of 'war' over pay curbs

(355)

ST 23/6/96

By CAROL PATON

TOP officials of the Congress of South African Trade Unions have warned that asking the poor to pay for economic growth by restraining their wage demands is "like asking for war" with the nation's workers.

In the first major criticism of the government's new economic direction, the Cosatu assistant general secretary, Zwelinzima Vavi, said on Friday that wage restraint was unacceptable to workers.

The proposal was made in the macroeconomic framework announced by Deputy President Thabo Mbeki and Finance Minister Trevor Manuel last week and was backed up by the Labour Market Commission's report released this week.

"You cannot ask a worker earning R200 a week in a company where the chief executive officer earns two million a year, to exercise wage restraint. You're asking for war. Even if union leadership softens up and accepts the idea, South African workers are too politicised to accept it," Mr Vavi said.

Ebrahim Patel, the labour convener of the National Economic, Development and Labour Council (Nedlac), said: "If there is a serious effort to ask people earning R200 a week not to fight for a living wage, we are in for enormous conflict. We want to send a warning signal that if you try to get the lowest paid people to pay for growth, there will be problems."

In terms of the government's economic policy, "appropriate" wage levels are a precondition to turning the rand's depreciation into a competitive advantage for industry and ensuring long-term industrial competitiveness.

Mr Vavi said that unions would not discuss pay restraint unless the high salaries of management, the wage gap between blacks and whites, and social inequalities were also addressed.

Union leaders were also sceptical of the call this week by the Labour Market Commission for a social accord between government, business and labour on pay, prices and investment. Mr Patel said while labour would not be opposed to negotiating a series of national agreements, it had a number of issues it would want to put on the table. These included the income differential between workers and managers, large-scale public works programmes and fiscal reform to bring about redistribution.

Cosatu has also criticised a recommendation by the commission to alter the conditions under which agreements made in industrial councils can be extended to firms that are not council members.

During the negotiation of the Labour Relations Act last year, the extension of agreements was a fiercely contested issue. The final Act allowed for extension of agreements across industrial sectors if a council consisted of at least 50 percent of the particular industry. The commission recommended that the minister of labour be given the discretion to extend agreements.

"In drawing up the LRA this was hotly contested. A compromise was made and a deal signed. To try to undo that deal is like repudiating the LRA. It's like saying everyone can now do what they did before the deal was signed," Mr Vavi said. He described a recommendation to introduce a trainee wage level for new entrants into industry as "an attempt to introduce a two-tier labour system by stealth".

Mr Patel said that while trainee wages were already accepted by unions in some industries, a proposal to introduce a trainee wage at a macro level was not acceptable.

ST 30/6/96 (355)

Nedlac considers wage accord

By CAROL PATON

A NATIONAL agreement on wages and prices — a proposal made by Finance Minister Trevor Manuel in the government's new economic package — was discussed this week at a high-level planning meeting of the National Economic Development and Labour Council.

Last week the Congress of South African Trade Unions slated the proposal as a call for wage restraint.

The executive director of Nedlac, Jayendra Naidoo, said this week's meeting had discussed the proposed agreement but business, labour and the government each had different ideas of the issues around which an accord could be built.

He said the government's proposal for an agreement on wages and prices was "vague".

"If government is calling for productivity-linked increases (and not wage restraint) then the proposal is not so contentious. The thing is to now define what the issues are."

Nedlac would, within three to four weeks, draw up a document identifying one or more packages around which a national agreement could be made, Mr Naidoo said.

The document would address some of the other contentious issues that have hampered Nedlac, such as its need to differentiate between issues on which it must negotiate and achieve consensus and issues over which the government need only consult, like the Budget.

On Friday, Nedlac's executive council ratified a number of agreements reached in its chambers, including technical amendments to the Labour Relations Act; changes to the Insolvency Act which will give workers better protection; and approval for the passage of the Small Business Bill.

● Substantial progress was made this week in Nedlac's labour market chamber in negotiations on the proposed employment standards statute. Agreement was reached on a package which balances compromises on contentious areas in the government's green paper, such as the 40-hour week, four months paid maternity leave and double pay for Sunday work. Business and labour will consult their constituencies before details of the package are made public.

Labour standards issue revived by Group of Seven

(355) BD 3/4/96

LILLE — The Group of Seven (G-7) rich nations, reviving one of the more explosive issues in world trade, had noted the need to improve core labour standards worldwide, officials said yesterday.

The Group of Seven consists of the US, Canada, Britain, France, Italy, Germany and Japan.

A draft statement still under discussion stressed the importance of core labour standards, which cover child and forced labour, trade union rights and discrimination. A chairman's statement was due to be delivered late yesterday by the French hosts after a G-7 ministerial meeting on jobs.

But countries appeared to be divided on the exact wording of the final statement, with Japan urging caution in linking trade with labour standards, saying this could create disguised protectionism.

The draft statement called on trade ministers to maintain the momentum on trade liberalisation through the World Trade Organisation (WTO) at a WTO ministerial meeting in Singapore in December.

"We noted the importance of enhancing core labour standards around the world and examining the links between international trade and working conditions in the appropriate forums," it said.

European delegates said they were confident the reference to core labour standards would be included in the final statement. Several countries, notably the US and France, ran into fierce controversy when they tried to make a linkage between trade and forced and child labour in the GATT world trade agreement signed in Marrakesh, Morocco in 1994.

Developing countries opposed the idea, saying it aimed to provide an excuse for protectionist barriers in the more open competition under the treaty. Delegates said the G-7 ministers stopped short of calling for trade sanctions, but stressed the importance of putting the issue onto the agenda.

"The US position has consistently been to work towards core labour standards inside the WTO, and to the extent that there is language here which affirms our interest in core labour standards, that's certainly a step in the right direction," US Labour Secretary Robert Reich said. Delegates said the legal status of any direct G-7 attempt to push the issue onto the WTO agenda was still being finalised.

"Progress has been step by step, but there has been progress when you think that in Marrakesh, even putting such words into a statement was difficult," European Economics Commissioner Yves-Thibault de Silguy said.

European Social Affairs Commissioner Padraig Flynn told ministers that the European Union should seek to find incentives rather than sanctions to encourage respect of labour standards.

"We don't want protectionism of any kind and we don't want any imposition of western or European standards across the board," he said. — Reuter.

RDP 'used as excuse for low wages'

ARG 3/4/96

355

JOHANNESBURG. – A growing number of employers are flouting safety and health regulations as well as minimum wage agreements, using the reconstruction and development programme as an excuse, says human resources consultant Sirk van Wyk of the firm FSA-Contacs.

He described it as the "casualisation" of the labour force, whereby companies were increasingly hiring casual labour at lower wage rates than retrenched unionised workers.

"The use of casual labour is particularly prevalent in the construction and forestry industries, which two industries have the worst safety record and the highest incidence of injuries sustained on the job," he said in a statement here.

To cut costs, employers did not fit out casual employees with basic protective clothing, and safety work practices were ignored.

"It's trite to say that the unions should protect these employees, because by the time the relevant union gets on site and has recruited enough workers to initiate a recognition process, the job is over and the workers are dismissed."

Mr Van Wyk said trade unions were worried about the trend of employing casual workers, as union members were being retrenched and replaced by casual workers at lower rates of pay.

"In addition, RDP rates, which are substantially lower than the industry rates, have been introduced, for example, on public works projects, with insufficient consultation with the unions.

"A ludicrous result of what is known as the 'labour-intensive framework agreement' is that permanent employees lose their jobs so that companies can compete for RDP projects using casual labour."

These casual workers were paid at a substantially lower rate than the employees they displaced.

"This is a cynical manipulation of the RDP and undermines the unions' standing," said Mr Van Wyk.

He suggested that the Public Works Department should introduce a limited "closed shop" on future RDP construction projects.

He saw this as a way of preventing the exploitation of workers. – Sapa.

'Bosses using RDP to replace workers with cheaper casuals'

CT 3/4/96 (355)

JOHANNESBURG: A growing number of employers, using the Reconstruction and Development Programme as an excuse, were flouting safety and health regulations as well as minimum wage agreements, human resources consultant Mr Sirk van Wyk of the firm FSA-Contact said yesterday.

Van Wyk said companies increasingly were hiring casual labour at wage rates that were lower than those that had been paid to retrenched unionised workers.

"The use of casual labour is particularly prevalent in the construction and forestry industries, two industries with the worst safety records and the highest incidence of injuries on the job," Van Wyk said.

To cut costs, employers did not equip casual employees with basic protective clothing, and safe work practices were ignored.

"It's trite to say that the unions should protect these employees, because by the time the relevant union gets on site and has recruited sufficient workers to initiate a recognition process, the job is over and the workers are dismissed."

Van Wyk said trade unions were concerned about the trend as union members were being retrenched and replaced by casual workers at lower rates of pay.

"In addition, RDP rates, which are substantially lower than the industry rates, have been introduced — for example, on the public works projects — with insufficient consultation with these unions," he said.

"A ludicrous result of what is known as the 'labour-intensive framework agreement' is that permanent employees lose their jobs so that companies can compete for RDP projects using casual labourers who are paid substantially less than the employees they displaced.

"This is a cynical manipulation of the RDP and undermines the unions' standing."

Van Wyk suggested that the Public Works Department introduce a limited "closed shop" on future RDP construction projects as a way of preventing exploitation of workers.

Workers would be given a choice of unions to join and there would be an organised labour presence from the first day of the contract to ensure fair treatment.

Instead of creating jobs, the Public Works Department's policies had led to as many as 30% of long-serving permanent workers losing their jobs in the construction and related industries, Van Wyk said. — Sapa

Minimum wage no remedy for the jobless

(355) BD 9/4/96

MICHAEL PROWSE

CONTRARY to economists' revisionist claims, minimum wage legislation is, in fact, a foolish way to help low-income workers. If the price of a commodity goes up, less of it will be demanded.

The truth of this proposition — maybe the most fundamental in economics — is reaffirmed every day in countless transactions worldwide

If it were not true, economic life would be unimaginably different.

Companies would launch audacious strategies to boost market share by jacking up products' prices.

As, evidently, we do not live in such a topsy-turvy world, economists have traditionally rejected minimum wage laws as either redundant or pernicious.

If the minimum is set below the level established by the free interplay of supply and demand, it is irrelevant. In the likelier case that it is set higher than the market clearing wage rate (at least in some sectors), it will reduce demand for labour while boosting the numbers seeking work.

The inevitable result is involuntary unemployment.

Given the power of this logic, it may seem surprising that minimum wages are gaining in popularity on both sides of the Atlantic.

In the US, President Bill Clinton is pushing hard for an increase in the national minimum from $4,25 an hour to $5,15 an hour. Last week Democrats tried (but failed) to embarrass Republicans by demanding a congressional vote on the issue.

In the UK, Labour leader Tony Blair has promised to introduce a national minimum wage if he wins the next election, although he remains coy about the level.

Until now, the UK has sensibly avoided a national wage floor although wages councils once set minimum rates in several sectors.

Politicians who want to look dynamic and caring are bound to favour minimum wage laws. Yet US congress willingness to increase the minimum used to be tempered by fear that it would raise jobless rates.

The accepted rule of thumb (based on numerous empirical studies) was that a 10% increase would cut youth employment by anything from 1%-3%.

The latest message from academia, however, is that no such inconvenient trade-off exists.

Professors David Card and Alan Krueger of Princeton University recently made a comparison of employment in fast-food restaurants in the neighbouring states of New Jersey and Pennsylvania.

During the period analysed, the minimum wage rose in New Jersey but not in Pennsylvania. Yet Card and Krueger (who later became chief economist at the US labour department) found evidence of an increase rather than a decrease in employment in New Jersey.

Their methodology has since been vigorously disputed. The counter-intuitive results were based on a rather vague telephone survey of restaurants.

An analysis of payroll data came to the opposite conclusion — that the rise in New Jersey's minimum wage led to a modest drop in employment relative to Pennsylvania.

Proponents of government intervention have, inevitably, challenged the veracity of the critique. They claimed that several other recent studies have shown increases in minimum wages have negligible (and perhaps even positive) effects on jobs.

They regard the traditional "competitive" model of labour markets as being both outdated and as empirically refuted.

They accuse employers of wielding subtle monopoly powers and hence of imposing artificially low wages on the most vulnerable workers. And — hey, presto — they justify an increase in the minimum wage on the grounds of efficiency as well as fairness.

It would be wonderful if water did indeed run uphill. But I fear some economists are too emotionally committed to higher minimum wages to think clearly.

In reality, the service industries employing low-wage workers are highly competitive. A more plausible explanation of the (apparently) declining cost in terms of lost jobs is that the legal minimum has fallen steadily relative to average wages and is near a 40-year low in real terms.

Obviously if minimum wages are pitched low enough, they can do little harm.

But even those lobbying for an increase in the legal minimum agree that many jobs would be destroyed if it were lifted substantially — say to $6 or $7 an hour.

In other words, they do not really dispute conventional economic logic. They can call for a higher minimum now without worrying too much about the effect on jobs only because governments had the sense not to listen to people who had made the same fallacious arguments in the past.

Politicians such as Blair who want to introduce a national minimum should recognise that it will be a perpetual source of social conflict. Pressure groups will lobby endlessly for increases.

The US — an individualistic society — has been fairly successful in resisting such pressures. But the UK is likely to suffer the same fate as its European neighbours, where minimum wage laws substantially increased unemployment.

And for what? A minimum wage is the crudest of social policy instruments. Many people earning the minimum will not be members of poor households: in the US more than 40% are youngsters living with parents; only 4% are single parents.

If the goal is to reduce poverty or flatten the income distribution, a more efficient policy is to target cash subsidies, via either the tax or benefit system, on genuinely poor families. College students who work part-time at Burger King do not need special help.

An even more fundamental objection is that minimum wages involve an element of coercion wholly out of place in mature democracies.

Employers and employees ought to be able to agree any wage rate of their choosing.

If a government rules that no employer may pay less than some arbitrary minimum, it is condemning to permanent unemployment anybody whose productivity is too low to justify such a wage.

Even if a government has majority support it has no right to damage people's life chances in this way.

Minimum wages are the kind of dictatorial measure that one would expect in a totalitarian society.

It is thus deeply depressing that politicians who regard themselves as enlightened are actually endorsing such crude policy measures. — Financial Times.

BOOKS

Nafcoc opposes 'short week and high wages'

Theo Rawana BD 25/4/96 (356) (...) (...)

THE National African Federated Chamber of Commerce (Nafcoc) said yesterday it was opposed to a 40-hour week and "an excessively high minimum wage" as these would have a negative effect on black business.

Cosatu reaffirmed this week its commitment to campaigning for a 40-hour week, as one of the demands to be taken up in negotiations on the green paper on employment standards.

In a document prepared for discussion at Nedlac, Nafcoc says: "While we accept that workers should not work unduly long hours, we have serious reservations about the proposed 40-hour week. This we think would have a negative impact on many labour-intensive businesses and would discourage investment in tourism and the retail sector in which small businesses are involved in great numbers. We propose there should be a 45-hour week."

Nafcoc general secretary Mashudu Ramano said at its release in Johannesburg: "While we also accept that there should be no wage and salary exploitation, an excessively high wage combined with a shorter working week will have a significant impact on labour costs and may cause job losses."

The organisation held that SA's labour standards should be appropriate to its situation and not modelled on standards of economies far more advanced than its own.

Nafcoc recommended that government's promised cash flow basis of taxing small business should be implemented, and that the VAT registration threshold be increased to R500 from the current R150, in line with the impending Small Business Enabling Act.

Government should appoint a task team to look at making the tax system more "friendly to small business".

Nafcoc, a member of the National Economic Consortium which is to make a bid for Johnnic, said government, big business and black business should establish a Black Economic Empowerment Fund, so mobilising funds to enable blacks to move into the mainstream of the economy.

Ramano said the bid should be made "any week now".

Employment standards green paper talks begin

(355) BD 30/4/96

Renee Grawitzky

THE implementation of a 40-hour week, and the extent to which collective bargaining agreements could override statutory minimums, emerged yesterday as possible issues labour, government and business could disagree on during negotiations on the employment standards green paper.

Negotiations started within the labour market chamber of the National Economic, Development and Labour Council yesterday, with all parties indicating that significant process had been made to ascertain areas of agreement and disagreement, with general consensus that the process had got off to a good start.

Labour department minimum standards director Lisa Seftel said that the parties had committed themselves to a programme of intense negotiations over the next month.

Business SA spokesman Adrian du Plessis said that the meeting would serve to clarify the parties' various positions.

Labour spokesman Peter Dantjies said the exploratory meeting set out processes in order to meet a target of mid-June.

Seftel said the parties agreed that the scope of legislation should apply across the board, but discussion would take place over provision for certain variations (exemptions) for certain categories of workers.

The parties agreed to examine the effect of extending each employment standard to each category of non-standard employment, and to the establishment of an employment standards commission.

No disagreement appeared to exist on mechanisms to ensure the variation of employment standards.

However, differences did arise over the relationship between collective bargaining agreements and statutory standards.

Seftel said labour and government committed themselves to a 40-hour week, however, both labour and business rejected the proposal of a national framework agreement to ensure the implementation of a 40-hour week.

General discussion took place around the cost implications of increases to annual leave and other standards.

BD 17/11/97

World Bank study blames unemployment in SA on high wages

Reneé Grawitzky

A DRAFT World Bank study on the SA labour market being circulated in government and economic think-tanks has found that the high level of wages paid to workers contributed to high unemployment among black workers.

The report also found the Basic Conditions of Employment Bill would raise labour costs in sectors already experiencing very high unemployment.

A government source said the report could aggravate tension around labour market policy and the presidential job summit next year, especially as the labour department was about to release its employment strategy that stressed the main causes of unemployment were structural.

A union source said this type of research failed to move the debate forward in ways that really addressed the employment problem.

The draft report was written by World Bank economist Peter Fallon and Nobel economics prize winner Robert Lucas.

Their examination of the effect of wages on employment found that a 10% increase in black wages could lead to a 7,1% decline in employment. If real black wages had remained constant between 1970 and 1994, black formal employment would have grown at 1,48% a year instead of the 0,9% achieved. In this scenario, employment would have been 13,3% higher than its current level, they said.

Fallon and Lucas concluded that employment was more sensitive to wage levels than concluded in an earlier Fallon study which found that a 10% wage increase would have resulted in a 2,8% decrease in employment. Wage differentials could be resolved, they argued, by removing discrimination and barriers to mobility rather than increasing black wages.

The study focused almost exclusively on wage-employment links although conceding that wages was only one factor playing a role in reducing formal employment. Others included a rise in capital intensive investment, an unskilled workforce which could constrain growth and employment, and declining private investment.

(365)

Labour department chief director for labour market policy Guy Mahone said the report failed to explore these factors and encouraged narrow debate blaming unemployment on wages.

The authors concluded that reducing unemployment required "sensible macroeconomic policies which would encourage labour-demanding growth, while the skills of much of the labour force must be improved considerably to support growth and lessen inequality".

Benefits of wage law could be marginal

Proposed legislation to govern minimum wages for South Africa's lowest-paid employment sectors could pose a serious danger for employment losses, writes **Haroon Bhorat**

M+G 10-16/9/99 ~~(335)~~ (355)

The Department of Labour has recently called for public submissions and comment on the issue of minimum wages and conditions of employment for domestic and farm workers. An analysis of the first of these two issues, namely wages, will place into sharp focus the stringent trade-offs faced by the department in this part of the workforce.

It is important, at the outset, to get a sense of the basic wage and employment statistics governing domestic and farmworkers in the economy. There are approximately 700 000 household domestic workers in the society, compared with fewer than one million farm labourers.

The imposition of any labour legislation will therefore impact on nearly two million workers, and their respective dependants. One is not, therefore, talking of an insubstantial number of affected individuals.

The overwhelming majority (96%) of domestic workers are female, while the majority of farmworkers (78%) are male. Hence the legislation would have a near equivalent impact on both males and females in the workforce.

But perhaps the most important reason for the Department of Labour seeking to isolate these two occupations for special consideration lies in the pitifully low wages earned by these two groups.

Domestic workers on average earn just more than R300 per month, while farmworkers earn approximately R400 per month. These two occupations are far and away the lowest paid in the South African labour market.

To put into perspective how low these earnings are: domestic workers earn a third of what the average miner earns, and fourteen times less than the average skilled professional. Extremely low wages lead to the familiar outcome of individuals having a job, yet living in deep poverty.

Given these earnings of domestics and farmworkers, it is not surprising that more than 80% of all these workers remain below the poverty line. In this environment of extreme levels of indigence, it is tempting to give serious consideration to a legislated policy of minimum wages for these workers.

It is possible, given the above parameters, to undertake a carefully conceived thought experiment, wherein the dilemma of the choice between higher wages and lower levels of employment is vividly displayed.

We can think of such an experiment in the form of two scenarios:

- Scenario one — where the wage of domestic and farm workers is increased by 10%.
- Scenario two — where the wage is doubled.

The first scenario is, of course, a far more likely outcome than the second. But the purpose of the extreme second case is to display how harsh some of the trade-offs between wages and employment are.

The effects of scenario one will be that the increase in the wage of these two occupations by 10% will reduce the percentage of workers in poverty to 75%, a 5% reduction to the poverty level prior to the wage increase. This, for domestic workers, means that about 32 000 of them will no longer be in poverty.

For farmworkers, the wage increase will extricate 47 000 of them from poverty. Given the large numbers of these workers, this is not by any means a significant poverty reduction effect.

This does not mean that the wage increase will not be beneficial, but it is clear that its benefits in terms of alleviating poverty will be marginal. It has to be remembered though that, along with a wage increase, there is a serious danger of employment losses, as some employers perceive the cost of employment as being too high. This option may be the best and most optimal available to the department.

Living in poverty: Farmworkers are one of the two lowest-paid groups in the South African labour market, earning on average about R400 per month. PHOTOGRAPH: JACQUI PILE

Aside from the concerns around the trade-off between poverty and employment, there are two other relevant issues surrounding the minimum wage. These are the effects a minimum wage may have on payments in kind and, secondly, the monitoring of minimum wages should they be set.

On the first, it is true that a large number of employers do offer transfers in kind to their employees. By this, one is referring to, for example, food given to domestics, or bags of mealie meal to farm labourers, by their respective employers.

The imposition of the minimum wage may see employers rescind these free transfers and begin then to charge employees for these products. So, an employer of a household domestic may decide that the new higher minimum wage is not affordable, given the current working arrangements.

In order to retain the services of the domestic, the employer will begin to include the free meals and so on as part of the wage paid to the domestic.

In such a case, the cash wage received by the domestic may not change and, in some cases, may go down. The potential for circumventing the minimum wage law arises thus from the existing and significant free transfers flowing from the employer to the employee.

The second concern around the minimum wage, that of monitoring its implementation, is, in many senses, what the effectiveness of the legislation hinges on. For example, even a minimum wage at double the current average wage is only effective if the government can ensure that such legislation is implemented and adhered to by employers.

The Department of Labour is currently under-resourced in this arena, and effective monitoring of such legislation will be extremely difficult. In addition, and more importantly, domestic services and farming are sectors notoriously difficult to monitor, even if the department did have an adequate supply of labour inspectors.

To PAGE 38

M+G 10-16/9/99

Marginal wage law benefits

(355)

From PAGE 37

This is because employers in these sectors are widespread, often in unreachable areas and seldom a visible presence in the economy. If one thinks of the impossibility of trying to track down even a small national sample of households that employ domestic workers, as well as extracting wage information from the employer or employee, then the difficulty in monitoring these two sectors becomes evident.

Simply put, the effectiveness of any minimum wage legislation will depend on the state's ability to enforce and monitor the implementation by employers of the terms of the legislation.

Together with the difficulties in monitoring such legislation, its employment effects as well as employers' possible responses — the minimum wage legislation proposed here should be, at best, viewed as setting a precedent for employers to improve their wages and other conditions of employment for these two indigent groups of workers.

The goal of poverty reduction among domestic and farm workers is thus only realistically achievable through a combination of economic policy interventions.

Haroon Bhorat is senior researcher in the development policy research unit at the University of Cape Town's School of Economics

High wages not only cause of unemployment — bank study

(355)

Reneé Grawitzky

A DRAFT World Bank study on SA's labour market, which found that the high wages paid to workers contributed to high black unemployment, was not an attempt to "provide ammunition for any particular side", the bank said yesterday.

World Bank representative Judith Edstrom said the study was intended to update earlier research and to see whether any change had taken place.

While the report indicated that wages did affect employment levels, it would be surprising if they did not have some effect, Edstrom said. However, the report recognised that some structural difficulties and other nonwage factors contributed to unemployment.

Further research could be done on this and on the effect of other policies, particularly government ones, on employment levels.

The bank believed that structural factors played a role in contributing to unemployment as described in the World Development report.

She said research disclosed that the degree of permeability between rural and urban labour markets or formal and informal labour markets could be limited. Taken to extremes, this could imply that even with lower wages, not all unemployed people would become employed due to factors such as location and education levels.

The draft study, written by Peter Fallon and Robert Lucas, found that black employment was sensitive to wage increases and that a 10% increase in wages could lead to a 7,1% decline in black employment.

BD 18/11/97

(356)

WAGES _ 1998

Wage restraint urged to offset fall in pricing power

CT(BR) 5/3/98 (365)

Lynda Loxton

Cape Town — Wage restraint would be needed to offset the growing pressure on manufacturing pricing power as the full effects of the Asian meltdown filtered through to the South African economy, Jac Laubscher, Sanlam's chief economist, said yesterday.

Briefing the national council of provinces finance committee, Laubscher said the decline in imported inflation, mainly because Asian producers were more competitive after the depreciation of their currencies, had forced South African manufacturers to adjust their price increases downwards.

This was reflected in the latest producer price index, for January, which had dropped to 3,2 percent, the lowest in 27 years.

"Business in South Africa just does not have much pricing power any more," he said.

"This is positive for inflation, but the problem is that wage increases are expected to average 9 percent this year. It is just impossible to keep on that track while manufacturing price increases are running at 4 percent.

"That can only mean further retrenchments to contain the labour bill. So our rate of wage increases will have to take cognisance of international competition in terms of lower inflation expectations."

He said South Africa had not yet felt the full effect of the increased competitiveness of Asian manufacturers because they were struggling to obtain trade finance while there were still doubts about their solvency.

"But once that problem is sorted out we are going to get the full impact of the greater competitiveness of Asia affecting price trends globally. The downward pressure on local pricing power will become stronger rather than weaker," said Laubscher.

The Asian crisis could also affect exports and therefore growth prospects. Commodities would be particularly badly hit, as this week's poor De Beers results had already shown.

Laubscher said exports made up 32,5 percent of South Africa's gross domestic product (GDP), of which 19,3 percent went to Asia. If exports were seriously hit, that could shave 6,3 percent off GDP.

Although the Asian economies still had some way to go to recover from their crisis, positive signs were that their currencies and stock market had stabilised, which should rub off on South Africa.

On the negative side, however, investor attention was likely to return to Asian markets over time, deflecting interest away from South Africa, he said.

He said the good reserve figures announced this week were in large part caused by inflows into the bond and equity markets. If these were reversed, pressure on reserves and the rand would be renewed.

Laubscher did not expect good profit growth in the equity market this year because of weak consumer spending, although this could be boosted by one or more cuts in interest rates, he said.

ILO moots wage subsidy for social plan

(355) BD 16/3/98

David Greybe

CAPE TOWN — Government should consider a short-term wage subsidy for businesses which hire retrenched public servants as part of a "social plan", an International Labour Organisation (ILO) report recommends.

Task forces should be formed "to develop initiatives to generate increased employment opportunities in local communities where a significant level of public-sector redundancies will occur". These teams should be drawn from the relevant government departments, the private sector and unions.

The ILO Pretoria office was asked by the public service department last year to come up with specific options for "rightsizing" the public service.

The request coincided with cabinet approval of cheaper retrenchments based on private-sector norms to cut the bloated public service. The cabinet's mandating committee said at the time it was worried that lower-paid workers, who were more likely to be made redundant, would suffer long-term unemployment. It called for a "social plan" to cushion the fallout.

Graham Holmes, the author of the ILO report, said government should consider establishing an organisation to meet support service needs for those retrenched. Services included financial and psychological counselling, retraining, redeployment and re-employment, and social protection measures.

The experiences of organisations which had undertaken large-scale retrenchments and work done by the National Economic, Development and Labour Council should be used as guides, he said.

As the rightsizing of the public service could not be achieved by a reliance on natural attrition and the use of voluntary severance packages, an employer-initiated redundancy package should be introduced "which is performance-based", he said. But a new retrenchment scheme should involve "full consultation" with the unions and be structured to overcome the difficulties inherent in the existing employer-initiated redundancy package.

Corrie Smit, manager of the public service rightsizing project, said yesterday his report would be finalised and presented to Public Service Minister Zola Skweyiya by the month-end. It would contain recommendations from the Holmes' report. "Discussions and consultations" with the unions would follow soon after.

However, the unions have said they will not give in to cheaper retrench-

Continued on Page 2

Wage subsidy

(355)

Continued from Page 1

BD 16/3/98

ments without a fight. They were angry about last week's budget announcement that government had "reneged" on its three-year wage agreement and planned to provide R1,5bn less for wages.

Casper van Rensburg, GM of the Public Servants' Association, dismissed the social plan proposal as "a sweetener" meant to make cheaper retrenchments more palatable.

A government official said the social plan would cost the state "hundreds of millions of rands" because most of the redundant staff were considered unskilled and less skilled and would struggle to find new employment.

Transport Minister Mac Maharaj, second from left, met land transport deputy director-general Dipak Patel, left, and taxi industry representatives Joe Boweni, Reuben Ndlovu and Julius Kapeng in Pretoria yesterday to discuss developments in the taxi industry. Picture: ROBERT BOTHA

Maharaj convenes talks on future of taxi industry

Pearl Sebolao BD 17/3/98

TRANSPORT Minister Mac Maharaj is to convene a national taxi task team plenary next month to discuss the future of the taxi industry.

This could pave the way for the disbandment of the task team and the recognition of the Interim National Taxi Council as the industry's mouthpiece.

Yesterday Maharaj met delegates of the interim council, representing provincial taxi councils and major taxi bodies. The council submitted proposals on future regulation and outlined its work so far. It called for limited statutory powers and the transfer of the task team's brief to it.

It also called on government to assist in the process of unifying the industry and disempowering those who sought disunity. Government was requested to provide for short-term funding to assist with the peace and unity process

Maharaj said he would meet with transport MECs from the various provinces today to discuss the council's proposals. He expressed support for the establishment of a formal body for the industry, saying that if the body obtained support of all the stakeholders it would have a positive impact.

Council interim chairman Basil Nagel said there was enthusiasm within the taxi industry for the establishment of a unifying body. He was confident that everything would be finalised soon and the body launched by June. Various subcommittees have been set up, including the conflict resolution, finance, and business and marketing subcommittees.

Low wage increases anticipated as consumer price index drops

BD 17/3/98 (355)

Reneé Grawitzky

EMPLOYERS were anticipating wage increases ranging between 6% and 8% this year in view of the sharp drop in the consumer price index from an overall average of 8,7% last year to its current level of 5,7%, consultants said yesterday.

Despite high employer expectations of low single digit increases, unions were anticipating increases in line with settlements reached last year, the consultants said.

Andrew Levy & Associates' annual report stated that overall settlement levels last year averaged 9,7%, slightly down on the previous years' average of 9,9%. The report said, however, that despite a rise in the average pay per worker, unit labour costs had declined because of a rise in the average real labour productivity. The report said: "Whereas the average compensation per factory worker appears to have risen by about 10%, the average increase of around 7% in average manufacturing labour productivity limited the factory-sector unit labour cost inflation rate to only about 3% in nominal rand terms".

Durban-based consultant Pat Stone said that with inflation down and rising costs, employers wanted to settle closer to 6% and 8% rather than between 9% and 10%. Private sector employers were picking up the message delivered by government in terms of its stance on wage increases for public servants. "Government's stand will filter through to the private sector that it has a pay policy, even if it's not formalised."

Gavin Weiner of Weiner Campanella & Associates said employers had carefully watched the security industry strike which settled overall on 10% on wages with a total package of 14%. Employers, he said, were not prepared to settle above the 10% mark, with many small and medium size enterprises, recovering from retrenchments, anticipating low single-digit increases.

Wage increases above inflation 'irresponsible'

(355) BD 16/4/98

Pearl Sebolao

ENSURING that wage increases in the metal and engineering industry were in line with the inflation rate would be the main consideration for employers in the sector when they begin annual wage negotiations with trade unions next Thursday.

This is likely to cause tension with the nine unions that have submitted at least 92 proposals which include wage increases ranging from 12,5% to 29% and a minimum wage of R2 000 a month, from the current R1 548.

The unions have proposed a 40-hour working week without loss of pay, increases in shift and overtime allowances and increased paid sick leave.

The Steel Engineering Industries Federation of SA (Seifsa), which represents 41 registered employers' association, said wages in the sector were too high and had, for the past four years, been above the inflation rate.

The trend needed to be reversed if SA wanted to compete successfully in the world economy as it was now exposed to the pressures of international competition, Seifsa economics division head Michael McDonald said yesterday.

The challenges faced by the industry were compounded by the fact that real growth in the economy had slowed down, as well as weaker export growth brought about by low commodity prices.

"Things are not looking good, so to think about increases above the inflation rate is quite irresponsible," McDonald said.

While labour costs had increased, productivity had deteriorated, he said.

Seifsa industrial relations division director Dave Carson said its position on the wage negotiations would be made known on Monday once a clear mandate had been obtained from the employers.

The employers have submitted proposals to amend the main agreement which sets out conditions of employment. These include variations of the conditions of employment so that individual companies could negotiate their own working time, dispute resolution and public holiday arrangements.

They also propose a "peace obligation" to protect parties against industrial action.

Labour office to probe 100 top firms

Employment practices under state spotlight

ET(BR) 21/4/98

Christo Volschenk
and Thabo Leshilo

Cape Town — The department of labour said yesterday it would launch an investigation into the employment practices of the country's leading 100 companies to "determine current best and worst practices in the private sector with regard to equity".

In its annual report, tabled before the parliamentary portfolio committee on labour by Sipho Pityana, the director-general of labour, the department said final preparations for the investigation, to be launched later this year, were under way.

The main objective would be "to investigate employment practices of firms regarding workplace relations, employment, training of labour forces, skills development, affirmative action and the impact of new labour market regulations on businesses", the department said.

The 100 companies would be selected scientifically to ensure the results of the survey could be extrapolated to all companies in the economy.

The companies would be selected on the basis of stratified sampling to be representative of the different economic sectors and sizes of firms.

The Equal Opportunity Directorate in the department was working with the American department of labour to design a mechanism for monitoring the compliance of companies to their obligations under the Employment Equity Bill.

The research into typical employment practices of the "leading" 100 companies would provide the department with a starting point from which to measure progress on equity-promotion in the workplace.

The report said registered trade union membership shot up 13 percent last year to 3,4 million members because of the freer environment accompanying the new labour relations regime.

Commenting on the annual report, Tito Mboweni, the labour minister, said the figures represented 64 percent of all employees in the country. There were 417 trade unions at the end of 1997, compared with 334 the previous year.

"This figure reflects to some extent the new environment that the Labour Relations Act created for trade unions, including a far easier ability to gain organisational rights such as stop-order facilities," said Mboweni.

The number of employer bodies increased from 196 in 1996 to 258 last year, Mboweni said.

Some of the reasons for the increase in trade unionism were that the act allowed the registration of trade unions in the public sector. Registration procedures had also been simplified.

"We are concerned about the growth in the number of small trade unions, including some which hardly have 50 members and are seeking registration, as well as the splits taking place within some unions. There are also instances where consultants are claiming to be bona fide trade unions or employer organisations," said Mboweni.

He welcomed the steps taken by some unions to amend their constitutions in such a way that they no longer discriminated against sections of the population, which is illegal.

Cosatu has 'reservations' on new wage gap clause

Renée Grawitzky

(355)

THE Congress of SA Trade Unions (Cosatu) has expressed reservations about the inclusion of the compromise clause on the wage gap hammered out during negotiations on the Employment Equity Bill.

The reservations come ahead of the ratification today of a report on the outcome of negotiations in the National Economic Development and Labour Council (Nedlac). This position, conveyed to the overall labour convenor of the labour market chamber in Nedlac, comes after the labour constituency apparently approved the adoption of the clause during heated negotiations.

Negotiations around the adoption of this clause proved to be the most difficult part of the process, a source close to the process said.

At the outset of negotiations, Cosatu argued that the bill should promote the closure of the apartheid wage gap. Cosatu's position was not fully endorsed by Nedlac's labour component which includes representatives from Cosatu, the National Council of Trade Unions and the Federation of Unions of SA.

BD 12/5/98

Cosatu has expressed reservations about the wording in the Nedlac report which states: "Where instances of unfair discrimination occur in terms of wage differentials, employers must attempt to address these in a manner appropriate to the circumstances which may include collective bargaining or other measures such as those provided for in the Basic Conditions of Employment Act."

Cosatu has proposed wording which would directly compel parties to reduce wage disparities induced by the legacy of apartheid.

It is unlikely that Cosatu wishes to delay the ratification process.

However, if it fails to give its approval to the Nedlac report, it could unravel the whole process.

However, indications are that the federation's reservations would be taken up for discussion within alliance structures.

Companies move away from traditional pay programmes

BD 25/5/98 (355)

A GROWING number of SA companies are moving away from traditional remuneration and opting for performance-related compensation.

An FSA survey released last week revealed that the trend, mostly confined to senior staff, was likely to extend to the floor as unions softened their opposition to performance-based salaries.

"This indicates a widespread realisation in SA that the new nontraditional remuneration makes sense in today's competitive environment as it links pay to organisational performance and supports a high-level, team-oriented workplace," consultant Wayne Heard said.

The survey found that most incentive schemes implemented in SA companies involved senior staff categories from senior managers (67%) to senior directors (81%). "This is a marked improvement since the mid-1990s, when an FSA contact survey revealed that only 13% of general staff were included in such schemes," Heard said. — Sapa.

BUSINESS DAY, Wednesday, July 29 1998 3

Union wage settlements up in view of inflation

(355) BD 29/7/98

LABOUR unions obtained high wage settlements this year despite a lower inflation rate, a survey by a Johannesburg-based industrial relations and labour law consultancy revealed yesterday.

Andrew Levy and Associates said an average 9,2% settlement was reached from January 1 to June 30 this year, compared with 9,7% last year. This compared with an inflation rate of 5,2% for the year to June 30.

The consultancy said: "With average inflation at its lowest level for years, there is pressure from employers for wage settlements to align themselves more closely to this figure. This, however, runs contrary to a trend in SA collective bargaining which makes major shifts from a previous settlement difficult to achieve. Regardless of the movement in the inflation rate, the benchmark is generally the previous year's settlement.

"Employers endeavouring to reach a more realistic agreement find themselves up against strong resistance from the unions, often leading to the declaration of a dispute and industrial action."

Research consultant Jackie Kelly said more than 200 firms from various industries participated in the survey which found:

- Settlements ranged from 6% in the municipal sector to 18% in transport;
- The average minimum wage between January 1 and June 30 this year was R1 884;
- Initial union demands ranged from 9% to 150%, averaging 33%;
- Management counter offers ranged from no increase to 10%, averaging 6%;
- The average time taken to settle wage negotiations was 84 days;
- The majority of wage agreements (84,6%) were for one year, the remainder being for 15 months to two years;
- In 91,6% of surveyed wage negotiations, no industrial action was experienced; and
- Most firms reported an improvement in the conduct of parties during pay talks.

"With a number of negotiations still taking place, we anticipate that the average level of settlement will drop further in the next quarter to about 9%," the consultancy said.—Sapa.

Nehawu wage settlement gets go-ahead after hiatus

Reneé Grawitzky BD 17/8/98 (350) (~~950~~)

THE Congress of SA Trade Unions-aligned National Education, Health and Allied Workers' Union (Nehawu) announced yesterday it intended to settle its wage dispute with government, ahead of the resumption of negotiations tomorrow.

Nehawu president Vusi Nhlapo said the union's national executive committee decided at the weekend to recommend to its negotiating team to either pursue further negotiations with government or to reach a settlement based on government's existing offer.

Public service wage negotiations were cut short on July 31 when unions demanded an explanation for the 7,1% "inflation" increase for MPs.

The unions wanted to know why the MPs had received the increase while public servants were offered an average 6,3%. In addition, the formula for determining the MPs' increases was supposed to be based on inflation minus 1%.

However, government ignored this and tabled a final offer which would cost about R3,475bn over nine months and ensure most public servants received increases in excess of 6%. The cost estimate for the increases is in line with Nehawu's position.

The union said yesterday that "the proposal we will put to government is that the settlement should be no less than R3,475bn".

Nhlapo said that, in terms of the union's proposal, the lowest paid worker should receive an 8,8% increase while the highest paid a 5% increase. Nurses, teachers and police should receive increases ranging between 7% and 8%.

He said progress was made during negotiations and the union achieved a number of victories.

The talks were fraught with tension from the outset as government had set aside R3,37bn in the budget for public service wage increases instead of R4,8bn as stipulated in the three-year wage deal which expires next year.

Huge rise in wages 'will fuel inflation'

Greta Steyn

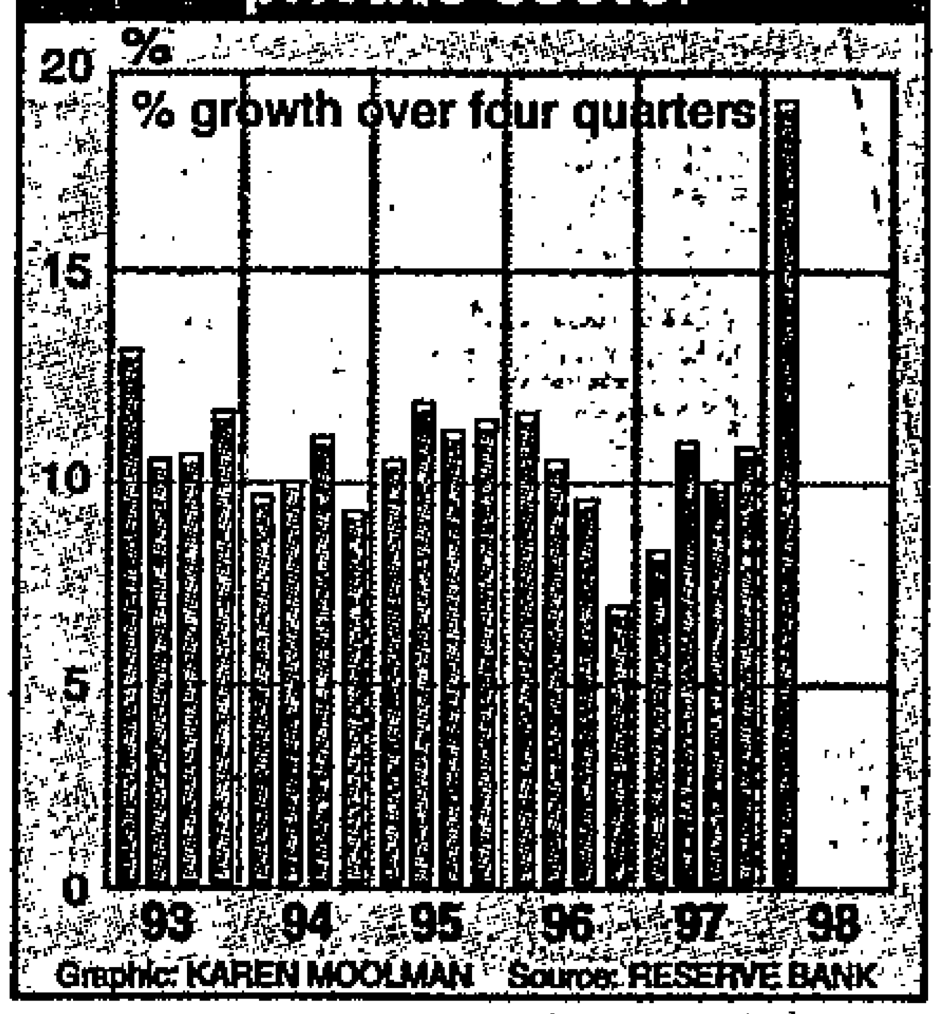
THE Reserve Bank warned yesterday that soaring wages would fuel inflation and threatened to erode the benefits of a weaker rand.

The Bank said in its latest Quarterly Bulletin that the annual rate of increase in remuneration per worker in the private sector had risen from about 8% in the first quarter of last year to 10,8% in the fourth quarter and 19% in the first quarter of this year. The figures are nominal, which means they are not adjusted for inflation.

The trend was the reverse in the public sector, with the annual rate of increase in remuneration per worker steady at about 5% in the first quarter.

The surge in wages lifted the rate of increase in labour costs per unit of production. "Continued growth in nominal unit labour costs at such a high rate will rapidly erode the improvement in the international competitiveness of domestic producers, which followed the recent depreciation of the rand," the Bank said.

Wage growth in the private sector



Without exception, all inflation indicators were signalling that the downward phase of the cycle had turned. The sharp fall in the rand, the accel-

Continued on Page 2

(366) BD 18/9/98

Wages

(366)

Continued from Page 1

eration in the growth of nominal unit labour costs in the first quarter of the year and the increased wage demands suggested inflation would rise again in the second half, despite the weak state of the economy. Consumer inflation rose to 6% in July from 5% in April.

The Bank said the strong growth private sector wages had occurred despite rising unemployment, a growing recognition that remuneration rises should be linked to productivity changes and a slowdown in inflation.

In the first quarter of this year, however, workers had been demanding remuneration rises that exceeded consumer inflation and underscored their demands with industrial action which caused an increase in the number of workdays lost.

The bulletin also hinted that government should speed up implementation of the growth, employment and redistribution (Gear) strategy. It said monetary policy should not be seen as the sole defence mechanism when foreign investor sentiment turned negative. "The implementation of the outstanding reform measures might help to make the economy more resilient to external shocks."

BD 18/9/98

Competition 'puts strain on employers'

BD 2/10/98 (355)

Reneé Grawitzky

Congress of SA Trade Unions (Cosatu) general secretary Mbhazima Shilowa said yesterday that international competition had placed a strain on employers who, in turn, had taken a hard line during wage negotiations.

He also warned that the new trend of intense and protracted strikes did not bode well for a stable industrial relations climate in SA.

SA could nevertheless face further disruptions if branches decided next week to start protest action in support of almost 100 000 workers on strike in various sectors. Action being considered includes boycotts, lunchtime demonstrations and pickets.

Shilowa, speaking at a Cosatu news conference in Johannesburg, said while Cosatu accepted that international competition had resulted in retrenchments, it refused to accept that workers had to bear the full brunt of the opening up of the economy.

Shilowa said workers would not, in the current climate of high interest rates, accept a wage freeze as proposed by a number of employers.

Unions were committed to investigating ways to save jobs.

Cosatu believed the employment of replacement labour inflamed "the already vulnerable situation" and that employers aimed to advance Business SA's call for labour market flexibility, lower wages and wage freeze.

Shilowa denied speculation that the strike wave was designed to show the African National Congress government that Cosatu still had power and to demonstrate its opposition to government's macroeconomic policy.

He said it would be irresponsible for Cosatu's leadership to take workers out on strike just to flex the federation's political muscle.

Cosatu claimed that drawn out strikes, coupled with violence and intimidation, could be "avoided if employers move from the current intransigent mood to one committed to real negotiations".

Strikes update: Page 2

WAGES
1999

Unions react to reduction in work hours

(3hh) ([redacted])

Renee Grawitzky

THE SECURITY industry could be rocked by industrial action if employers and the unions fail to resolve their differences over the reduction in working hours. ([redacted])

The unions are demanding that the reduction — in terms of the Basic Conditions of Employment Act which stipulates that the industry's working week should be reduced from 60 to 55 hours — should not be accompanied by a corresponding reduction in wages.

The unions are also demanding a 4,5% increase on actual wages once working hours are reduced to 55. ([redacted])

However, employers say this is unrealistic as it would amount to a potential wage increase of 23%.

Transport and General Workers' Union negotiator Jerry Ngcobo said the only issue dividing the parties was the reduction in working hours.

Employer negotiator Gavin Kirk said he hoped the matter would be resolved soon when the parties meet to discuss their differences.

When the parties began negotiating late last year, employers argued against a wage increase and said the new act would lead to a 5,5% increase in the wage bill.

The unions responded by declaring a dispute against employer organisations, the SA National Security Employers' Association and the Security Service Employers' Organisation. The matter was referred to the Commission for Conciliation, Mediation and Arbitration but, after protracted attempts at conciliation by the commission, the parties failed to settle their differences.

An agreement was finally reached providing for a 14% increase on the total package.

BD 5/2/99

Case tests wage discrimination

BD 5/2/99

Alan Fine

CAPE TOWN — In the first case of its kind under the Labour Relations Act, a black employee of a bus company has claimed thousands of rands in back pay on the grounds that his pay was unfairly set due to racial discrimination.

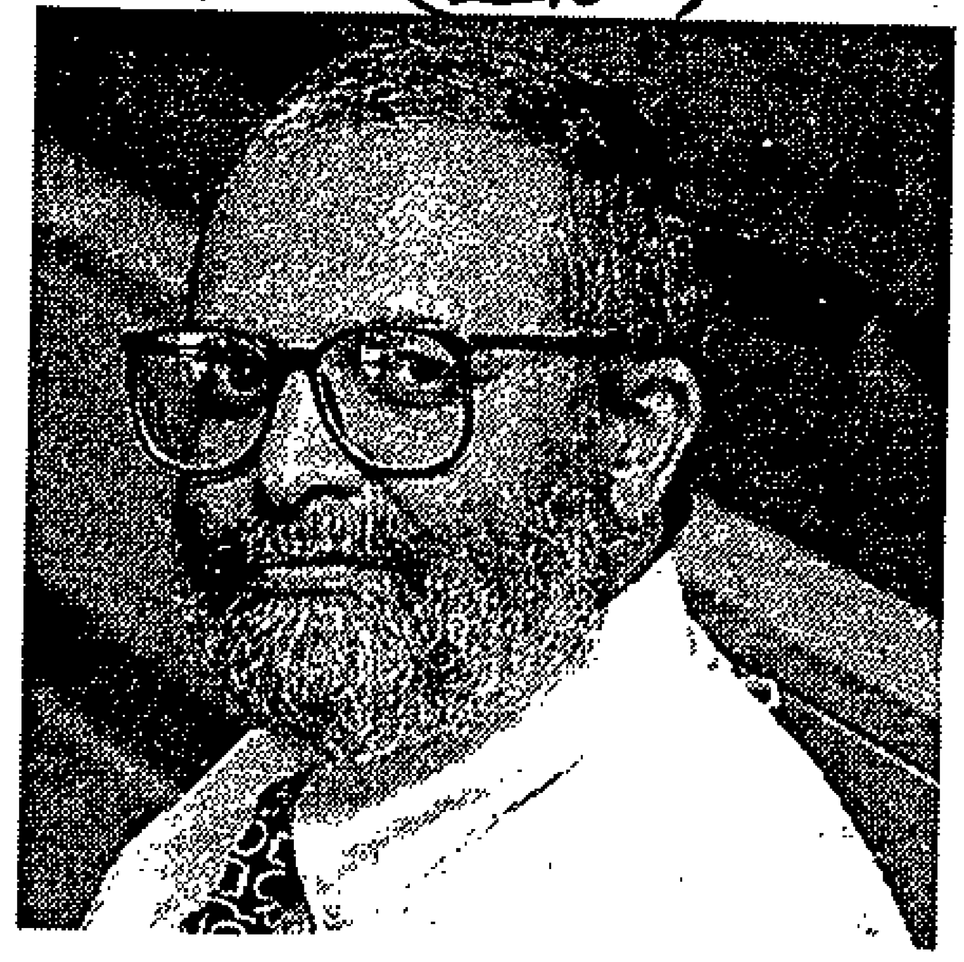
Legal counsel for the Golden Arrow Bus Company — which denies paying racially discriminatory wages — warned yesterday of dire consequences for the economy should the courts empower themselves to adjudicate on wage discrimination.

In argument before the Labour Court this week, Michael Louw compared his employment history at Golden Arrow Bus Company — known as City Tramways until purchased by Golden Arrow in 1992 — with that of a white employee, Johannes Beneke. Louw, a buyer, was employed in 1984. When Beneke joined the company in the same position in 1990, he was paid R2 300 a month compared with Louw's R1 500. At the time Louw had no experience of any sort in the motor industry, or as a buyer.

The differential in their pay remained at more than 60% until 1997 when their respective salaries were R4 460 and R2 760. Beneke became warehouse supervisor in 1994.

Counsel for Louw, Halton Cheadle — who was also a key author of the act — argued that the two employees had always carried out work of equal value, and that the difference in salaries was due to racial discrimination. Louw has applied for back pay equivalent to the difference in salaries paid to the two since November 1996 — when the new act which declares racial discrimination an unfair labour practice came into effect.

Golden Arrow, represented by Alec Freund, said salaries of employees not covered by union agreements were determined "in good faith, without regard to race" by managerial assessment of their "particular circumstances, responsibilities, performance and market forces".



Michael Louw ... seeks compensation

Golden Arrow's submission says Beneke's responsibilities as warehouse supervisor were more onerous than those of buyer Louw.

However, Cheadle said figures showed that Beneke did not receive an increase when appointed to the new post in 1994, so it had to be concluded that the two jobs were of equal value.

The company says Beneke's performance, attitude, skills, potential and experience were better than Louw's.

Freund applied for an absolution ruling — the equivalent in a civil case of a criminal case being dismissed without need for the defence to make a case.

The application was dismissed by Judge Adolph Landman, who said there was sufficient evidence for the respondent to have to answer the case against it.

Freund had argued that a ruling in favour of Louw could have a chaotic impact on the economy if courts were to acquire the right to adjudicate on such allegations of discrimination.

Moderation the trend in wage deals

ST (BT) 20/6/99

(355) (198)

SA WAGE settlements in the first half of 1999 are down to 8.1%, compared with 9.2% in the comparable period last year and an overall average of 8.6% in 1988, according to the latest survey of labour consultancy Andrew Levy and Associates.

Its quarterly wage settlement survey, published on Friday, shows settlements ranged from 5% in paper and printing to 14.4% in mining.

"The moderation to an average 8.1% settlement seems slight, but is more impressive when set against inflation of just 5.3% in the early part of 1998 versus 8% in the same period of 1999," said Peter Worthington, economist at JP Morgan.

The survey showed wage negotiations were taking less time. The average time taken to settle demands was 79 days, versus 84 in 1998, but more disputes resulted in industrial action. This year, 13.8% of negotiations ended up with industrial action of some sort, from 8.4% in 1998.

"It is still early days in this collective bargaining cycle. There are a number of important industries, including the government, which is deadlocked at 5.7%, but the data does offer some hope that wage increases are moderating downwards, albeit very slowly," Worthington said. — *I-Net Bridge*

Modipane may be in for the high jump

Kevin O'Grady

MPUMALANGA finance MEC Jacques Modipane faces renewed disciplinary action from the African National Congress (ANC) after revelations that he lied about his involvement in the province's promissory note scandal.

ANC spokesman Smuts Ngonyama said yesterday there was "no doubt that if he lied to the ANC executive drastic action will be taken against him".

ANC secretary-general Kgalema Motlanthe was also investigating Mpumalanga premier Ndaweni Mahlangu's statement that lying was not sufficient grounds to prevent a politician from holding public office.

Mahlangu was defending his reappointment of Modipane, who was forced to resign last year over the scandal in which promissory notes worth R340m were issued to a foreign firm, with R1,3bn of parks board assets as collateral. Modipane claimed at the time, and again yesterday, that his signature on the notes was forged. A tribunal of the Heath special investigating unit invalidated the notes yesterday.

At the same time as his resignation, Modipane was suspended from the ANC pending an investigation into whether he lied to the party and the public about his role in the affair. He was reinstated in January when the ANC decided there was insufficient evidence for his continued suspension.

Mahlangu tried to backtrack yesterday, insisting he was using Modipane as an example by saying that "if" he had lied about his role in the scandal, this should not exclude him from senior government posts. However, in an interview after the news briefing at which he made the comments initially, Mahlangu repeated them, saying that Modipane lied before the elections and the ANC's victory in Mpumalanga justified his inclusion in the provincial cabinet.

Ngonyama said Mahlangu had "apologised profusely" for his remarks which the ANC saw as "inappropriate and unacceptable. It should be the hallmark of any leader to be honest and truthful."

Anger at Mahlangu's comments mounted yesterday, and elicited calls for President Thabo Mbeki to repudiate them. Democratic Party leader Tony Leon said Mahlangu's apology was "not good enough", and called for Modipane's dismissal.

Religious groups also rounded on Mahlangu. The National Religious Leaders' Forum said it was "a sad state of affairs when high-ranking officials believe that lying is permissible".

It reminded government that it was a signatory to a code of conduct formulated at a "morals summit" held by the forum last year, and "as such, the premier should be severely reprimanded".

Sapa reports that parliamentary speaker Frene Ginwala said neither the ANC nor Parliament believed it was acceptable for politicians to lie. "The ANC made promises to the public. We certainly cannot accept that we were telling lies to the public, and that it would be okay to do that."

Comment: Page 17

BD 24/6/99

Average wage settlements on the decline

BD 24/6/99 (355)

Reneé Grawitzky

WAGE increases for the first half of the year rose 1% above inflation to 8,1%, but were 1,1% lower than the settlements achieved for the corresponding period last year, an Andrew Levy & Associates survey said yesterday.

Average wage settlements declined as employers continued to react to the economic slowdown, declining profit margins and international competition.

Business responded to profits in the previous financial year while unions tended to focus on current issues such as inflation levels, research consultant Jackie Kelly said. The survey found that settlements ranged from 5% in the paper/printing sector to 14,4% in mining. The average minimum wage was R1 953 a month compared with R1 884 for the period ending June last year.

Kelly said tough bargaining was expected as most negotiations got under way during the third quarter.

Major negotiations are still under way on gold, coal and platinum mines while an agreement is expected in the metal industry next week. The metal industry agreement, covering 250 000 workers, will range from 7,5% for artisans to 8,75% for lower-paid workers.

An agreement of 8% has been reached in the industrial chemical sector, while negotiations are continuing in the five subsectors of the chemical sector, such as petroleum.

An agreement of 7,9% was reached in the clothing industry, while a dispute continues in the footwear and leather sectors. The public service wage dispute continues with threats of industrial action if government fails to indicate whether additional funds will be made available by July 1.

A number of unions plans to march on Parliament tomorrow. The march has received support from the Democratic Party as police have not received wage increases this year. The DP said if government and Safety and Security Minister Steve Tshwete were committed to curbing crime, they had to ensure money was available.

Wage increases are dropping, report shows

(355)CT(BR)24/6/99

FRANK NXUMALO
LABOUR EDITOR

Johannesburg – The average wage increases for the first half of this year dropped to 8,1 percent from 9,2 percent for the corresponding period last year, according to the Andrew Levy wage settlement survey released yesterday.

The average time taken to settle also dropped to 79 days from 84 days in 1998.

Most of the wage agreements, 80,6 percent, applied to a 12-month period; 13,8 percent to periods of 15 months to two years and 5,6 percent for periods less than a year.

The survey found that wage settlements in the mining industry ranged from 5 percent to 14,4 percent.

Archie Phalane, the deputy general secretary of the National Union of Mineworkers, said De Beers on average settled at 8 percent, with lower-category workers receiving as much as 10,5 percent, because no worker would be paid "less than R2 000 a month".

SETTLING FOR LESS *Wage increases have fallen by 1 percentage point, according to an Andrew Levy report issued yesterday*

But the average minimum across sectors was R1 953, compared with R1 884 at the end of June last year.

"The majority of companies reported that negotiations had taken place in a cordial atmosphere with the minimum of disruption.

"However, the fact that average inflation now stands at 8 percent (at the end of May) and the overall level of settlement at 8,1 percent does bring these two key indicators on to a collision course," said Jackie Kelly, the research editor of the survey.

"This is likely to set the scene for some unusually hard bargaining in the coming months as the bulk of negotiations get under way during the third quarter.

"Aligned to this is the fact that a number of wage negotiations were spread over as a result of the June election. This may have the effect of increasing the potential for industrial action during this period.".

Kelly said settlements arising from the major negotiations in the engineering, mining and public sectors could influence future settlements in 1999 and 2000 because they were regarded as "benchmark settlements".

"The expectation is that these sectors will settle somewhere below the average quoted above. Should this be the case, the consequence would be a downward pressure on settlements generally," she said.

Kelly said initial union demands ranged from 13,5 percent to 65 percent and averaged out at 22,7 percent, a drop on last year's average of 33 percent. Management counter-offers ranged from 0,5 percent to 9 percent and averaged out at 4,75 percent, down on 1998's average of 6 percent.

Industrial action marked 13,8 percent of wage negotiations, an increase from 1998's average of 8,4 percent.

Wage settlement levels down

(355)

By Mzwakhe Hlangani
Labour Reporter

OVERALL wage settlement levels in the first half of the year shrank to 8,1 percent compared with 9,2 percent in the comparable period last year, a leading labour law and industrial consultancy reported yesterday.

With negotiations taking less time, the majority of companies reported a cordial atmosphere with minimum disruptions, in average 79 days from the date demands were tabled compared with 84 days in 1998, Andrew Levy and Associates consultant Ms Jackie Kelly said.

The quarterly wage settlement survey also showed that settlements ranged from 5 percent in the paper printing sector to 14,4 percent in the mining sector.

Although a slight decline with an average minimum wage of R1 953 was reported, they were impressive compared with R1 884 at the end of June 1998.

Kelly said the fact that average inflation remained at 8 percent at the end of May, overall settlements at 8,1 percent is bringing two key indicators on a collision course.

"This is likely to set the scene for some unusually hard bargaining in the coming months as the bulk of negotiations get under way in the third quarter of this year.

"Linked to this is the fact that a number of wage negotiations were spread out a result of the June elections and this may have the effect of increasing the potential for industrial action during this period," she said.

The downward trend arising from major settlements in the engineering, mining and public sectors were expected to exert pressure on settlements in general and influence future settlements in 1999-2000 as they were regarded as benchmark settlement by both labour and employers.

Look after the low-end jobs

The minister of labour announced this week that he will review labour legislation. **Haroon Bhorat** *discusses how he should protect the most vulnerable workers*

MtG 2-8/6/99 (355) (166) (173)

A structural shift has occurred in the productive base of the South African economy over the past 25 years. The share of agriculture in the gross domestic product (GDP) fell by about 4% since 1970, while mining's contribution declined by 3%.

The decline of these two primary sectors, though, has been matched by a significant growth in the service sectors, most predominantly financial and business services, and wholesale and retail trade.

The service sectors' growing contribution to the GDP is best reflected in financial and business services, where the share of GDP rose by more than 6% between 1970 and 1995.

A second major shift in the domestic economy has been the rapid rise across all sectors of capital:labour ratios. The search for productivity gains has seen an increasing reliance on machinery rather than labour in this 25-year period.

In the primary sectors, capital:labour ratios increased by more than 150% since 1970. In the service sectors, the rise in capital intensity is manifest in increasing computerisation, brought on by the information technology revolution — a process which has intensified over the past decade.

Given the shift away from the primary toward the service sectors on the one hand, and the rising capital intensity in the economy on the other, it is important to determine what effects these factors have had on employment levels and trends.

In terms purely of quantity, there were huge employment losses in agriculture and mining, amounting to 1,5-million jobs over 25 years. In contrast, the service sectors gained more than two million jobs.

Did these changes mean certain skills groups benefited while others lost out? Statistics indicate skilled workers made substantial gains since 1970, while the proportion of workers in unskilled occupations was steadily eroded.

Unskilled workers' share of employment fell by between 4% and 54% since 1970, while the share of skilled occupations has grown, in some cases, by as much as 250%.

Clearly the structural shift in the economy, combined with the rising capital:labour ratios, has meant a preference for skilled over unskilled labour.

It is expected that the twin trends of rising capital intensity and the growth in services, coupled with the decline in agriculture and mining, will continue in the future. This means these employment patterns will also remain the same, if not intensify.

In the process of long-run economic growth, employment will benefit skilled and semi-skilled workers to the detriment of unskilled individuals. The winners in the next decade, all things held constant, will be those at the top end of the job ladder and the losers invariably those at the bottom end.

In an environment of declining or stagnant demand for low-skilled workers it is relevant to raise the issue of labour market flexibility, a labour market policy intervention that is targeted essentially at unskilled workers.

The proponents of labour market flexibility argue that the wages of those at the bottom end are too high. Given the large pool of unemployed, it is argued, a manner in which to create more employment would be to lower the wages of those in unskilled jobs.

This argument has often been captured as the wage restraint component of the labour market flexibility argument. But it is a discrete and separate argument from one which says higher wages will mean greater employment losses for those at the bottom end.

No significant number of new jobs are going to be created at the bottom end of the job ladder. Reducing the wage for those in unskilled positions will not increase the quantity of unskilled workers hired, as the demand for these skills simply does not exist. Firms will not simply hire more unskilled workers if they become cheaper, as their preferences are primarily for skilled workers.

The arguments for the job-creating possibilities of a wage restraint policy are not tenable if they are tied to the employment needs of firms. Making unskilled workers cheaper may simply see firms using the surplus funds from the lower wage bill to hire (already employed) skilled workers. The unemployed are unlikely to see their job prospects improved by such a wage restraint policy.

The wage flexibility debate in South Africa thus far has not taken cognisance of this, and has effectively rested on the assumption that all workers in the economy possess the same quantum of skills and are all in equal demand by employers. As soon as this assumption is broken and one introduces the notion of differentially skilled workers, the argument that lowering the price of labour will create more employment for lower-skilled workers is simply wrong.

Labour demand trends make it clear that wage policies need to be designed to ensure that those at the bottom end are protected, given that they are likely to be in very short demand over the medium to long term. The most important policy instrument is the Basic Conditions of Employment Act, administered by the newly formed Employment Conditions Commission — the successor to the Wage Board.

The Act, in setting out the basic minimums for all workers, runs the danger of setting unduly high baselines, in the form of wage determinations, for firms to adhere to — and in so doing could feed into wage hikes or employment losses. However, it appears this problem has been avoided as the Act is not at odds with the basic conditions already prevailing in most industries in the economy.

The Employment Conditions Commission has the power to set new wage determinations for workers not covered by the Act. It would need to be mindful of the trade-offs outlined above.

Wage determinations for the unskilled need not be swayed by the wage restraint argument, as no new jobs will be created for these workers. However, the commission would need to ensure it does not generate unduly high minimum wages for firms to adhere to, as this would invariably result in significant employment losses.

Given that the most vulnerable workers are targeted through these determinations, the welfare and poverty consequences of wage hikes could be dire.

The commission needs to take care its wage determinations are not too high as these will mean job losses, but at the same time it should not be tempted into offering too low wages in the hope that this will create jobs.

Ultimately, then, it will be the ability of the commission to effectively balance these two countervailing forces that may determine its success or failure.

Shrinking employment: The share of mining in the GDP has fallen by 3% since 1970, and this is reflected in widespread job losses in the sector. PHOTO: NADINE HUTTON

Haroon Bhorat is a senior researcher with the development policy research unit in the School of Economics at the University of Cape Town

Cabinet to look at wage policy

Reneé Grawitzky (355) BDay 1/12/99

THE cabinet will today consider a draft wage policy for the public service which aims to ensure greater efficiency, coupled with the equitable distribution of benefits, while at the same time containing costs.

Labour has expressed some concern about government's intention in implementing a new wage policy ahead of it being considered in the cabinet. The public service unions fear the policy will extend government's macro-economic strategy into the public service and lead to wage restraint, the cutting of benefits and a move towards decentralised bargaining.

The Congress of SA Trade Unions last week adopted a resolution to challenge attempts by government to entrench decentralised bargaining. Despite this, labour is not opposed to the negotiation of specific issues, at sector level — while at the same time retaining co-ordinated national level bargaining in the public service.

It is anticipated that the draft wage policy will be unlikely to address the issue of where bargaining should take place but rather focus on measures to manage wages and salaries in the public service properly. Earlier this week Public Service and Administration Minister Geraldine Fraser-Moleketi said her department was committed to building an efficient and cost-effective public service, with wages in line with fiscal policy. The wage policy, she said, would provide guidelines on annual increases as well as maximum and minimum salaries.

It is expected that the draft policy will attempt to reverse its current approach of raising the minimum wage while capping increases for professionals. This has led to government outpricing itself at the lower end of the labour market while the opposite has occurred for those in the more skilled levels.

A more crucial issue is addressing the rising costs of benefits, such as housing and medical aid, as government attempted to extend these to all employees, irrespective of race or gender, after 1994.

COMPANIES & MARKETS

Basic salaries in IT sector have risen 18%

(366) BD 7/12/99

The highest-paid workers take home about R900 000; most others make do with a package of R210 475 including bonuses

Lesley Stones

THE average salary for information technology (IT) workers is continuing to outstrip inflation with basic wages rising by an average of 18% this year.

The highest paid workers enjoy a basic package of about R900 000, but the income gap is widening with some IT staff earning a meagre R24 000 a year, says a new survey.

The IT sector is notorious for the shortage of skills as technology has become a vital ingredient for businesses in every sector of the economy.

The shortage is compounded by the brain drain, with technicians accounting for up to a quarter of all emigrants.

The survey by online publishing company ITWeb attracted 1 800 responses and found the average package is R210 475, with benefits including bonuses and company shares.

Staff involved in IT management, enterprise resource planning systems and Y2K projects are generally paid the most. The lowest wages go to people in IT support, internet activities, training and networking.

However, the highest package of R2m was claimed by a sales executive in the telecommunications industry with less than three years' experience.

Empowerment seems to be making little impact on the sector, since typical IT professionals are still white males, aged about 30.

A technology career is not a smart choice for clock-watchers, said ITWeb's editor-in-chief Ranka Jovanovic, as a third of the most experienced staff work more than 10 hours a day.

The sector is also notorious for job-hopping, and only 19% of respondents have been in their current position for three years or more.

Almost two thirds said they have been contacted by a headhunters in the past year, particularly in the fields of software development, IT management and networking.

Moreover, half the respondents are considering emigrating within two years, with 24% saying they are very likely to leave and a further 26% somewhat likely to go.

Despite the potentially high wages, only 40% of respondents are satisfied with their compensation. About 20% are dissatisfied and 7% are highly dissatisfied. Yet the survey showed that pay is not the most important factor contributing to job satisfaction. More important is the challenge of the job, responsibility and working atmosphere.

The myth that anyone can earn a lot of money in the IT industry if they complete a basic six-month certification course is dispelled by confirmation that the average salary increases as work experience increases.

The lowest package earned by a permanent employee is R24 000 for a systems administrator with a diploma and two years' experience.

In general, the consulting, banking, finance, telecommunications and IT companies pay the best salaries, according to ITWeb. The worst paid positions are in government, education and nonprofit organisations.

Paltry pay increases set to drop further

(355)

Sowetan 21/12/99

By Mzwakhe Hlangani
Labour Reporter

LOWER salary increases awarded to general administrative staff in the manufacturing sector, business services, government and public institutions will continue to decline next year.

The lower increases will trail the consumer price index's downward trend, now at 1,7 percent – its lowest in 31 years.

According to the 1999 findings of the annual general staff remuneration survey released by the human resources consultancy FSA-Contact this week, the paltry increases of between three to five percent have consistently tracked the downsliding inflation trends over the past five years.

FSA-Contact information manager Ms Wendy Caddick said the latest findings confirm the CPI as a clear and accurate indicator for forecasting general staff increases.

"Actual increases for the past year were within predicted levels across all categories of employees and forecasts for next year indicate that this trend is set to continue," she said.

The largest increases were generally awarded to employees working in the human resources and information technology fields as well as artisans, while the general administrative staff gained the least ground.

The lower skilled, hourly paid category of workers received slightly lower increases than highly specialised categories – a possible indication of organisations' efforts to retain staff with specialised skills – with clerical and semi-skilled staff receiving the lowest increases.

"The survey provides definitive data on a wide variety of factors influencing increases, in addition to a wealth of statistical information on the popularity or lack of it, for many aspects of structuring the salary package," Caddick said.

Almost half of the respondents were in the manufacturing and a wide range of sectors including financial, insurance, business services, wholesale and retail, trade, government and public institutions.

The survey revealed a strong support for performance incentive bonus schemes, with the majority linked to divisional profit levels.

(355) CP 21/11/99

Salary increases stay above the consumer price index

By MALOSE MONAMA

THE welfare of most workers has stabilised over the past five years as salary increases over the same period have remained consistently above the consumer price index (CPI), according to the recent findings by FSA-Contact, a leading human resource consultancy.

Wendy Caddick, a human resource analyst at FSA-Contact, says salary increases awarded over the past five years to staff members under management level have also closely tracked the CPI's downward trend.

She says employees should expect more of the same in the year ahead because the latest survey results confirm that the CPI is an accurate indicator for forecasting salary increases.

According to the survey, the largest increases were awarded to employees working in the human resources and information technology fields, as well as artisans. Administrative staff gained the least ground. The lower-skilled/hourly-rated category of workers received slightly lower increases than middle management or highly specialised category – a possible indication of organisations' efforts to retain skilled employees.

Caddick says the largest salary increases in the past year were awarded in the East Rand, followed closely by Johannesburg, Pretoria, Durban and Cape Town. The Northern Cape, Free State and the North West came at the bottom of the pay rise aggregates.

"The survey provides definitive data on a wide variety of factors influencing increases, in addition to a wealth of statistical information on the popularity, or lack of it, of many aspects of structuring salary packages," Caddick says.

About half the respondents in the survey are involved in manufacturing, with the balance coming from a wide range of sectors, including financial, insurance and business services, and government and public institutions.

Other interesting trends revealed in the survey include:

- Strong support for performance or incentive bonus schemes, with the majority linked to divisional profit levels;
- Diversity of options relating to medical aid schemes;
- Family responsibility leave is gaining acceptance, with an average of three days granted;
- Labour turnover has dropped to lowest levels since 1996; and
- The majority of respondents have formal corporate social responsibility schemes in place.

SA records rise in real manufacturing wages

MD 6/9/99 (3?) (180)

ILO survey finds that developing countries have high joblessness

Reneé Grawitzky

SA IS one of three countries in sub-Saharan Africa that have recorded a rise in real manufacturing wages since the 1990s, according to an International Labour Organisation (ILO) study on key labour market indicators released today.

The report, mapping 18 key labour market indicators in more than 200 countries, found that wage trends were diverse across the globe.

Most of the 83 countries from which data was received experienced unemployment rates greater than 7%.

Developing countries had particularly high rates of unemployment, while Spain had the highest (20%) among European countries.

Algeria and Botswana recorded unemployment rates in excess of 20% in Africa. Wages were rising steadily in major European countries, but were declining in all parts of Africa, except SA, Mauritius and the Seychelles.

The rise in European wages was evident in a comparison of hourly rates of 29 countries, which showed that Germany paid the highest ($28 an hour) as compared with $18 an hour in the US.

The lowest hourly rate was found in Sri Lanka ($0,48), followed by Mexico ($1,75). The lowest hourly rate in an industrialised country was paid in Portugal ($5,29), followed by Greece ($6,76).

Higher productivity levels might have compensated for higher wage rates in Europe, with the report indicating that labour productivity growth had increased at a faster rate than in the US.

Asian countries (excluding Japan) also showed significant improvements in productivity, particularly between 1980 and 1997, with production growing 2% faster than in the advanced countries.

Workers in developing countries still worked more than a 40-hour week. However, of the developed industrialised countries, US workers worked the longest hours, totalling nearly 2 000 a year. This contrasted sharply with Europe and Scandinavia, where the total for the year ranged between 1 399 and 1 552.

Workers in Singapore still worked the most of all countries (2 300), followed by Bangladesh, Sri Lanka, Hong Kong, Malaysia and Thailand.

In respect of sectors that were dominant in the various economies, the proportion of wage and salaried workers was highest in developed countries while very low in sub-Saharan Africa.

The southern Africa region was an exception, with more than 50% of employed people characterised as wage and salaried workers.

Employment trends worldwide shifted from agriculture and manufacturing to the services sectors. The shift was more pronounced in developed and transitional economies but less so in Africa and some Asian countries.

SA was one of a number of exceptions in sub-Saharan Africa, where the service sector was now responsible for at least half of total employment in the country.

The other countries were Botswana, Ghana, Kenya, Nigeria and the Reunion island.

In line with the growth in the number of casual workers, the report found that out of 43 countries, part-time workers were on the increase, with between 10% and 20% of those employed characterised as part-time workers. The Netherlands employed the highest number of part-time workers (29%).

Plans to save jobs unveiled

By Mzwakhe Hlangani (335)
Labour Reporter

THE Government yesterday announced measures to stem the wave of retrenchments and revealed its long-awaited social plan agreement which is intended to identify problems in the labour market. (173)

Labour Minister Membathisi Mdladlana also donated R3,3 million to set up future forums where employers and trade unions, through a Social Plan Technical Support Facility, would track problems within sectors and seek solutions that secured employment.

Employers contemplating retrenchments would be forced to adhere to the Code of Good Practice Dismissals on Operation Requirements to ensure all possible alternatives to retrenchments were explored and those facing retrenchments were treated fairly through consultation.

Organised labour, business and the Government would jointly pursue alternative strategies if there was a threat of a large-scale retrenchment, with the aim of improving social and economic impact for affected families.

Mdladlana also expressed concern on the current spate of retrenchments anticipated across all sectors of the economy, particularly in the mining industry and parastatals.

After almost two years of talks at the National Economic Development and Labour Council (Nedlac), a social plan approach has emerged to explore appropriate solutions and implement them through retrenchment-response teams that have been set up, he said.

The minister said the teams had already been deployed to avoid mass job losses through the newly established Gold Crisis Committee after threatened retrenchments in the gold mines.

Mdladlana also warned that the code would be monitored and if employers did not adhere to it, the Government would reconsider the need for amendments to the Labour Relations Act.

Local economic development support would be implemented through the departments of Trade and Industry, Water Affairs and Public Works.