



*Industrial councils: will they survive?*

**I**t looks as if employers are pulling back from the threat to collapse two major industrial councils – the Transvaal Building Industry IC and the Motor Industry IC. However, employer parties to both IC's are tabling demands to restructure collective bargaining in the IC's in the direction of flexibility.

Wynand Stapelberg, General Secretary of the Transvaal Building IC, told a recent seminar on ICs that the main problems experienced by employers are the high cost of maintaining the IC, and its "lack of flexibility". After the angry response from the unions when the employers threatened to pull out of the IC in late 1992, employers did a rethink, which included several study tours to Europe, Canada, Australia and

Asia. One of the main findings was that "bargaining does not have to be either centralised or plant level – different things can be bargained at different levels". The employers are due to table their proposal for a new approach to collective bargaining in April.

Meanwhile, the IC itself has improved its cost control and efficiency, and is about to launch its new industrial council court. This court is designed to ensure the speedy settlement of disputes by avoiding the long delays of the industrial court.

The IC for the Motor Industry has been unable to promulgate a new agreement since 1992, when negotiations deadlocked. Heine Maritz, deputy director of the Motor Employee Association, told the seminar – hosted by the Bilateralism Project at Wits Business School – that the "core issues" for employers are the closed shop provisions, the

# Industrial Councils: *constraining or renewing industry?*

Report by KARL VON HOLDT

limited trading hours, and the rigid ratio clause, which specifies how many non-artisans may be employed for every artisan. However, though "rebel" employers wanted to walk away from the IC, "clear thinking employers" saw the need for it.

But, said Maritz, employers do want "new thinking" on ICs. They find the closed shop provision which lays down which union the various categories of workers may belong to, causes dissatisfaction among employees who want to change unions to get access to different benefits. The limited trading hours laid down by the main agreement prevents companies from offering the public a range of services. And the ratio clause drives up costs. In addition, according to Maritz, when employers or employees request exemption from various leave, bonus or overtime provisions, the IC proves to be slow and inflexible.

According to Maritz, agreement is close on easier exemptions for the closed shop and ratio clause, while only one union party is holding out for overtime rates on Saturday work.

While the views expressed by Stapelberg and Maritz indicate that significant groups of employers are rethinking their opposition to centralised bargaining and industrial councils, they point to some of the serious dilemmas that face these institutions. The problem is how to cater for the diversity that exists within many industrial sectors – how to provide minimum conditions and wages for workers in the smaller and often less profitable enterprises, while extending the gains of workers in bigger and higher paying enterprises; how to raise labour standards across industry without crushing new entrants and small businesses; and how to reach generalised, industry-wide agreements which allow the kind of flexibility that manufacturers and services need in order to survive in modern markets.

It is not impossible to reconcile centralised bargaining with the need for flexibility:

- ☐ flexibility of hours can be achieved by negotiating a national agreement of hours to be worked per four week cycle, for

example, rather than per week, leaving workers and managers to negotiate the distribution of hours over the four week cycle;

- ☐ flexibility of pay can be partially achieved by negotiating a national basic rate, and negotiating productivity or profit-related supplements at plant level;
- ☐ flexibility of tasks can be achieved through the kind of broad banding, multi-skilling and team-work proposals developed by NUMSA.

However, one suspects that this kind of flexible agreement is not enough to secure the future of industrial councils, or centralised bargaining more generally. If industrial councils are seen only as institutions which generate constraints which then have to be ameliorated by "flexibility clauses", the pressures for their collapse – or at least against their extension to the many sectors of the economy where they do not exist – will probably become irresistible.

If industrial councils are to survive they will have to develop a new vision in which they are seen as dynamic forums for the renewal of industry. They will have to generate and support industrial policy, facilitate new approaches to training, grading and work organisation, stimulate technological innovation and small business – in short, they will have to generate competitive *advantages* rather than competitive *disadvantages*.

Such a vision does not seem to be emerging from the employer associations or from the IC administrations. The only source for it currently seems to be COSATU-affiliated unions such as NUMSA and SACTWU. But whether they succeed in implementing such a vision will depend on whether they can persuade government and employers that this vision is viable. It will also depend on whether COSATU affiliates can avoid becoming reactive defenders of the narrow interests of their more organised members, and continue fighting for broader social interests. Very few labour movements in the world have succeeded in doing this – least of all previous participants in the ICs in SA. ☆