

SOUTH AFRICAN

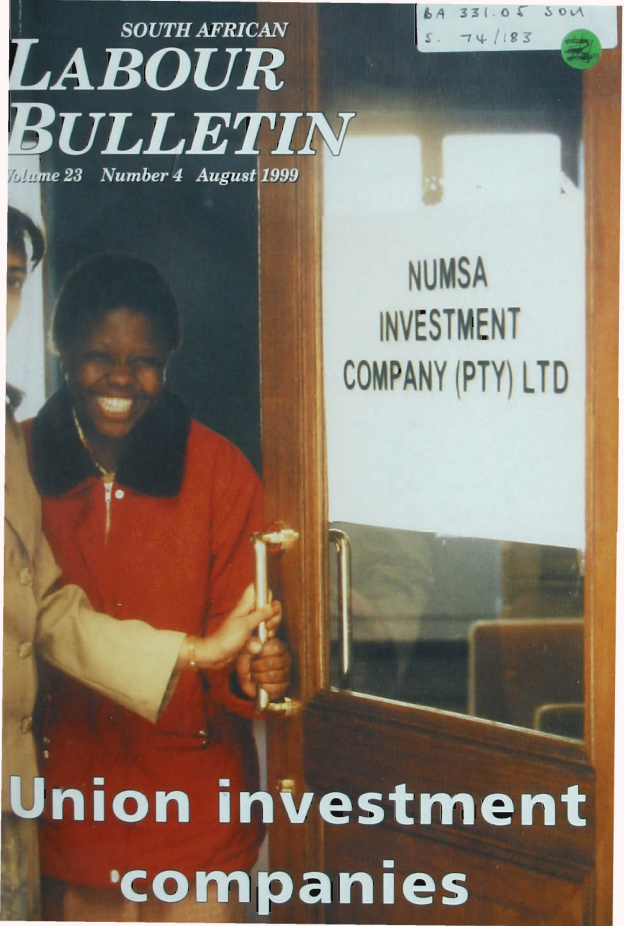
6A 331.05 50A

S. 74/183



# LABOUR BULLETIN

Volume 23 Number 4 August 1999



NUMSA  
INVESTMENT  
COMPANY (PTY) LTD

**Union investment  
companies**

# A MESSAGE TO ALL COSATU AFFILIATES



## **COSATU IS HOSTING A CONFERENCE OF SOUTHERN UNIONS**

**\*Monday 25 to Friday 29 October**

**THEME: Trade unionism in the 21<sup>st</sup> century – vision and strategy**

**FOCUS: The impact of globalisation on trade unions**

The workplace restructuring (lean production) that has followed economic liberalisation (privatisation, downsizing, outsourcing, casualisation)

Union resistance (Korean campaigns for retaining life-time employment; conflict on the Australian waterfront; All India mass strikes)

Sector level strategy (New strategic thinking; recruiting workers, building strong unions; new approaches to casualisation)

### **PARTICIPANTS**

Key alliance of Southern Unions from Brazil, South Africa, Korea, Australia, together with independent unions in the Asian region.

Significant international trade secretariats are involved.

### **CONTACT**

COSATU international secretary Bangumzi Sifingo for details

**Tel:** (011) 339-4911

Rob Lambert: regional co-ordinator (Australia)

**Fax:** 61-8-9380 1055 **Email:** rlambert@ecel.uwa.edu.au

*SOUTH AFRICAN*  
**LABOUR**  
**BULLETIN**

**Keep your finger on the pulse of labour!**

For in-depth analysis of developments in the South African labour movement, you need the South African Labour Bulletin. The Bulletin is read by industrial relations managers, business leaders, unionists, journalists, academics and politicians.

---

interviews

---

debates

---

analysis

---

profiles

---

campaigns

---

organisation

---

unions and politics

---

unions and economics

**It's all in the Bulletin. Subscribe now!**

*Subscription form overleaf*

## SA LABOUR BULLETIN

### Subscription Form

SA Labour Bulletin  
P O Box 3851  
Johannesburg 2000  
South Africa

Tel: (011) 487-1603  
Fax: (011) 487-1508

New Subscription  Renewal

Name: .....

Address: .....

Postal code: ..... Tel: .....

Occupation: .....

Place of employment: .....

Please enclose payment and tick applicable subscription

1 year subscription (6 issues)	South Africa	Rest of Africa	UK/Europe/ S America/	N America/ Australia/ Asia (US\$)
<input type="checkbox"/> Workers and full-time students	R70	N/A	N/A	N/A
<input type="checkbox"/> Salaried individuals	R120	R240	\$60/£36	\$70
<input type="checkbox"/> Trade unions, community & service organisations	R120	R240	\$66/£40	\$78
<input type="checkbox"/> Institutions	R275	R400	\$115/£66	\$120
<input type="checkbox"/> Companies	R660	R660	N/A	N/A

☛ Please make cheques and postal orders out to  
Umanyano Publications CC

☛ Overseas rates include the cost of airmail postage in all cases

☛ Workers and students should *provide proof of where they work  
or study* (eg photocopy of student card, union card, etc.)

☛ Individual subscriptions cannot be paid with company cheques

**'Dangerous', 'Necessary', 'Selling out'**  
 'Advancing worker control'. These were only a few of the positions that characterised the debate on whether or not we should have union investment companies. That debate has come and gone, and has now shifted to a 'Do they ...?' 'Don't they ...?' debate.

Vlok's and our correspondent's articles examine what has happened on the ground, replacing theoretical debates with practical case studies. Faulkner provides a potentially devastating scenario for unions who hope to gain members through providing benefits from business unionism instead of doing what unions do best – organising, educating and mobilising members.

The 'golden age of mining' has passed and Steinberg and Seidman's (1995) analysis has held true – that ironically those who paid for the growth of the gold industry are paying for its demise. Over the years, progressive unions in the industry have challenged racism, poor wages and working conditions. However, new spectres haunt workers – job loss and subcontracting. Bezuidenhout examines how NUM finds itself between 'a rock and a hard place' as it tries to improve wages and working conditions and limit subcontracting, while at the same time prevent mine closures. He continues to shed further light on subcontracting in the gold mining industry, as does Ullicki's article on Basotho workers' negative experience of subcontracting. Kynoch highlights how the poverty and conflict ridden existence of those living on informal settlements next to mines will be exacerbated by job loss in the mining sector. Trapido and Goode argue that gold mining employees



should pay for polluting lungs instead of shifting the burden of care onto cash strapped state hospitals and impoverished communities. They calculate that the mine dust levy for lung disease should be raised 500% to cover the unpaid liability owing to ex-mineworkers.

Lawyers from Cheadle, Thompson and Haysom will be writing a new legal column for the *Bulletin*. I have no doubt that their vast knowledge of the law and their extensive experience as unions' labour lawyers will provide very useful information and insights for readers. In this edition, Roskam and Raffinetti provide a detailed and sharp response to issues raised in the Ntsika document on the need for labour legislation amendments.

The *Bulletin* has conducted market research with a view to better meeting readers' needs. Thanks to interviewees for giving their time and views. I am very grateful to the two SWOP interns – Sarah Mosoetsa and Thabo Sephin – who have lent their skills and enthusiasm to the project.

The *Bulletin* bids farewell to bookkeeper Gerry McIntyre who is retiring. We appreciate your meticulous work and commitment.

Tanya van Meelis

Published by Umamano Publications cc 89 0059523 • ISSN 0377-5429 • 50 St Georges Street, Bellevue East, Johannesburg, 2198 • PO Box 3851, Johannesburg, 2000 South Africa • Phone: (011) 457-1603 • Fax: (011) 487-1508  
 • e-mail: sab@icon.co.za • Editor: Tanya van Meelis • Manager/Writer: Etienne Vlok • Subscriptions and Marketing: Rugaya Rees • Dispatch and Promotions: Phostus Mekgwe • Administrator: Jacques Dintoe  
 • Design and Production: Warren Parker and Diane Stuart • Printed by: Natal Witness Printing and Publishing Company, Pietermaritzburg • Published since 1974

**EDITORIAL BOARD** • Cape Town: Johann Maree • Durban: Ari Saas, Imraan Valodia, Deanne Collins • Johannesburg: Jane Barrett, Lael Bethlehem, Sakhela Buthe, Avril Joffe, Eddie Webster, Karl von Holdt, Bethuel Maserumule, Phil Bonner, Tanya van Meelis • Eastern Cape: Roger Southall • International: Gay Sadman (USA), Rob Lambert (Australia)  
 • Associate Editors: Vusi Nhlapo, Connie September

**SOUTH AFRICAN  
LABOUR  
BULLETIN**

**Volume 23 Number 4 August 1999**

Editorial notes ..... 1

REDEYE ..... 4

Inflation figures ..... 5

Organisation  
June 2<sup>nd</sup> aftermath  
defining a role for COSATU  
Dinga Sikwebu ..... 6

The law at work  
Reviewing labour legislation  
Anton Roskam and Carla Raffinetti ..... 12



Focus: union investment companies  
Investing in ourselves  
a cautionary tale  
Stephen Faulkner ..... 18

Plant now, harvest later  
pressures facing union investment companies  
Etienne Vlok .. ..... 23

Code of conduct  
superficial tool or effective policy device?  
Labour Bulletin correspondent ..... 30

Feature  
GEAR blues on the morning after  
Oupa Lehulere ..... 35

Agreements  
Listening and learning  
a pathbreaking agreement  
Kally Forrest ..... 41

Unions and politics  
How the West was won  
Tony Ehrenreich ..... 47

Focus on Nedlac ..... 51

Focus: mining  
Polluters should pay  
Anna Trapido and Richard Goode ..... 53

Retrenchments' effects  
Gary Kynoch .. ..... 59

SA Labour Bulletin would like to thank the following organisations for their generous support:

- Friedrich Ebert Stiftung (FES) • Entraide et Fraternite (Belgium)
- Strengthening Civil Society Fund, the Department of Labour



Basotho miners speak  
subcontracting on South African  
gold mines  
*Theresa Ulicki* ..... 61

Response to 'Basotho miners speak'  
*Gwede Mantashe* ..... 67

Between a rock and a hard place  
productivity agreements in gold mining  
*Andries Bezuidenhout* ..... 69

Book review  
*The South African Labour Market:  
Critical Issues for Renaissance*  
by Frans Barker  
*Ian Macun* ..... 75

Unions and politics  
ANC elections manifesto is a decoy  
*Edward Cottle* ..... 77

Restructuring  
The business of truth  
*Etienne Vlok* ..... 81

International  
The movement's new unity  
*Rob Lambert* ..... 86

NPI column ..... 91

Profile  
'It is enough'  
Tiny Mabena  
*Sarah Mosoetsa, Thabo Sephiri  
and William Matlala* ..... 93

Glossary ..... 96



*Cover: Staffers at NUMSA Investment  
Company offices*

**All photographs by William Matlala  
unless otherwise indicated.**

*The views expressed by contributors are not  
necessarily those of the editorial board of  
Umanyano Publications.*

## *Problems and promises*

### REVERSE GEAR

REDEYE is very disappointed in a certain government department. REDEYE had heard that the department concerned had promised to respond to an article in this edition of the *Bulletin* – having not lived up to yet another promise, REDEYE thinks that the department should put more than one of its policies into reverse gear.

### TRADE OFFS

In her non-answer to what government will give as a quid-pro-quo if public service workers tightened their belts, Minister Fraser-Moleketi spoke about cutting development projects.

Surely REDEYE was wrong in thinking that the minister was suggesting that public sector workers become responsible for the funding of development projects? Or was she just using the stick-stick approach to bargaining?

### FAULTY PHONES?

A DP spokesperson was being interviewed on the radio on the current action being taken by public sector unions. He stated that the public sector should be lean and mean, and that it should be cut by 57 000. He proudly stated that this had been worked out by DP researchers but was not able to give details on where the cuts should be made.

When asked whether he thought that this call for job cuts would exacerbate the current crisis in the public sector, he immediately said 'hello, hello, can you hear me? The phone doesn't seem to be working?'

REDEYE wonders whether this is a case of faulty phones or the DP just ducking and diving?

### DOUBLE SPEAK

The Minister of Labour, Membathisi Mdladlana, held a briefing at the end of June to lay out his department's plans for the next five years.

REDEYE did not attend the briefing and so was a bit confused when, the next day, the *Business Day* ran with the headline 'Government to review labour legislation'; and COSATU released a press statement saying government has squashed attempts 'for a wholesale review of the labour market'.

Business SA, on the other hand, welcomed Mdladlana's undertaking to investigate the effect of labour legislation on job creation, productivity, investment and job security.

Did the respective persons attend the same briefing or did they interpret the briefing according to what their constituencies wanted to hear? Or might it have been government double speak that confused them a bit?

### STRIKING WISDOM?

REDEYE's ten-year-old nephew came home from school claiming he had learned what strikes were.

The teacher had said 'strikes are when workers march down the street'. Perhaps Minister Asmal's review of the education system should include a review of content taught, to ensure that it is correct.



## Inflation monitor: May-June 1999

Area	Consumer Price Index 1999 (Base: 1995 = 100%)		Annual rate of inflation 1999 (% increase over one year)	
	May	June	May	June
Cape Peninsula	129,2	130,0	6,6	6,7
Port Elizabeth	129,1	129,9	7,0	7,4
East London	133,7	134,4	7,7	7,8
Kimberley	131,3	132,1	6,8	7,1
Bloemfontein	130,3	130,9	7,1	6,9
Goldfields	127,3	127,8	7,1	6,9
Durban/Pinetown	132,5	133,0	7,1	7,2
Pietermaritzburg	130,0	130,4	6,5	6,4
Klerksdorp	126,0	126,7	5,9	6,2
Pretona	130,5	131,0	6,4	6,7
Witwatersrand	130,6	131,3	7,5	7,6
Nelspruit	131,5	131,9	7,3	7,1
Pietersburg	127,5	128,1	6,0	6,1
South Africa	130,5	131,2	7,1	7,3

Source: Central Statistical Services

**CENTRE FOR  
BUSINESS  
MANAGEMENT**



**UNIVERSITY OF  
SOUTH AFRICA**

**UNISA**

**COURSE IN LABOUR RELATIONS  
MANAGEMENT**

Two modules

- Labour Relations Management:  
A macroperspective
  - Role players in industrial relations
  - Collective bargaining
  - The South African LRA
  - Trade unions and employer's organisations
- Labour Relations Management:  
A micro-perspective
  - A systems approach to labour relations
  - Worker participation and communication
  - Conflict management and negotiations
  - Managing industrial action

Registration requirements

Senior certificate or experience

Duration: 6 months

Final registration: 31/02 15/06

**PROGRAMME IN HUMAN RESOURCE  
MANAGEMENT**

Four modules

- The Human Resource Function
- Industrial Relations
- Training and Development
- Human Relations

Registration requirements

Senior certificate or experience

Duration: 12 months

Final registration date: 28/02

**ADVANCED PROGRAMME IN HUMAN  
RESOURCE MANAGEMENT**

Four modules

- Strategic Human Resource Management and International Human Resource Management
- Organisational Behaviour and Renewal
- Research Methodology
- Research Project in Human Resource Management

Registration requirements

A certificate in Human Resource Management from Unisa or an equivalent qualification

Duration: 18 months

Final registration date: 28/02

**FOR FURTHER DETAILS CONTACT**

Tel: (012) 429-4586/4212/4924 Fax: (012)

429-3456/3463/3485/3468 • Home page

<http://www.unisa.ac.za/cbm/frm>

# June 2nd aftermath

## *defining a role for COSATU*

**W**hile it may be incorrect to totally tie the rhythms and role of labour movements to governments' terms of office, the ANC's return for its second term of office makes it essential for the union movement to define its role. Being the biggest federation in the country and with a tradition of shaping the South African labour scene, COSATU has the task of defining its attitudes to the incoming government's plans and outlining its role for the coming period.

### **Delivery to the poor**

The biggest challenge facing COSATU in the post election period is ensuring change that will better the lives of its members, the working class and the poor. Having canvassed and set aside resources for a decisive ANC electoral victory, COSATU has the responsibility to see that the ANC in government delivers to the broad constituency that the federation represents and is aligned to.

This is not going to be an easy task. If one goes by the experience of the last five years, good manifesto proposals do not necessarily lead to actual delivery. In 1994, the ANC and its allies were united around the RDP, but as we saw, implementation of the RDP was difficult. As the clamour by all and sundry to embrace the RDP intensified, a battle was launched by the ruling class - its institutions and representatives - to corrode the

---

*Dinga Sikwebe argues that COSATU needs to develop a political programme and address organisational weaknesses to ensure government delivers to the working class and the poor.*

---

framework that underpinned the programme. The outcome of this battle was government's adoption of GEAR - a macro-economic framework which labour described as the opposite of the RDP.

Even in this round, the jury is still out on whether government will implement what is contained in the ANC election manifesto. Before the ink was dry on ballot papers, government proposed to fast-track the privatisation of state assets. Government is also determined to 'rightsized' the public service without a social audit and without an agreed framework for restructuring.

More than in the pre-elections period, government representatives have emphasised the continuity of policies. The Ministry of Finance has emphasised that there will be no change of course in relation to fiscal and monetary policies. According to the Minister of Trade and Industry, trade liberalisation will continue.

We have also seen the re-emergence of vocabulary and acronyms like 'GEAR' and 'privatisation' that had disappeared in the pre-election campaign. While we were made to believe by union leadership and intellectuals aligned to the federation that a post-GEAR consensus existed within the alliance, recent statements have left no doubt of the ANC government's intention to continue with policies that led to little or no growth, employment and redistribution for the poor.

Unless the ANC government puts some of the policies pursued before elections into reverse gear, the chances of realising the promise of accelerated change and speedy delivery of basic needs, will be remote if not nil.

To ensure that its members were not used as voting cattle and that there is delivery to the poor, COSATU needs

- a conscious plan to forge alliances with social forces and organisations that aim to better the lives of the poor,
- to draft a political programme to guide its intervention;
- to develop a multi-pronged strategy of intervention;
- a programme to build the union movement.

### Leader of 'civil society'

Despite its weaknesses, COSATU remains the strongest mass formation. Other weak national, provincial and local mass formations exist, such as student and youth organisations, unemployed groups, civics, and women's groups. Many NGOs also still exist.

Despite the many resolutions to revive the mass democratic movement and build a popular movement for transformation, COSATU has been unable to successfully link up with and strengthen other organisations. There has been no revival of the mass democratic movement.

There may be objective reasons for COSATU's failure to translate these resolutions into reality. However, some of COSATU's approaches have also contributed to the present situation.

- COSATU does not seem to take the emergence of sector networks (for example, the rural development network) seriously.
- COSATU also seems contemptuous of single-issue coalitions (for example, on debt) and other NGOs. Besides not connecting up with these organisations, COSATU has not championed the problems facing these organisations (such as decreasing funding).
- COSATU has not formulated a plan on how independent institutions, such as the Human Rights Commission and the Commission for Gender Equality, may contribute to the emergence of a broad movement for transformation. COSATU's silence was deafening when these independent institutions (set up in terms of Chapter 9 of the Constitution) battled with the state over their independence.
- Although always strongly denied, a tendency has developed within COSATU to approach issues from a narrow 'workerist' perspective. What is its position on the R29-billion arms procurement deal, besides the few words on workers' jobs in the armaments industry? Why are there no visible campaigns by public sector affiliates beyond the fights against privatisation, unilateral restructuring and outsourcing. An active campaign against corruption and for clean government can win allies for COSATU's campaign in defence of the state.
- Although debatable in terms of the benefits, COSATU has prioritised its historical and traditional allies such as



*Many September Commission resolutions were meant to address organisational challenges.*

the ANC and SACP. COSATU is not actively taking part in or has withdrawn from a number of initiatives both at national and regional levels. One suspects the reason is that participation may upset the relationship within the alliance. How else can one explain the federation's lukewarm attitude to the Jubilee 2000 campaign on debt?

In a context of strong criticism that COSATU and unions represent an elite, the federation cannot afford to retreat from the social movement unionism that characterised its approach in the 1980s and early 1990s. COSATU must link with other social forces that have similar objectives. It must revive the tradition of taking up issues that affect the poor, even if these are not concerns of its immediate constituency.

This is not a call for COSATU to pretend to speak for everyone. It is not a call for COSATU to jump into every campaign or to embrace every organisation. We cannot deny the weaknesses of some of the campaigns that have been taken by forces outside COSATU or some organisations' organisational methods.

COSATU has the responsibility to assist these organisations and strengthen progressive campaigns. While most of the initiatives lack a mass base and rely on lobbying rather than organising, the issues that they deal with affect COSATU's members and may be broad working class concerns. COSATU should connect with these initiatives and organisations on issues of commonality. COSATU must win its place as the leader of civil society.

### **Political programme**

To emerge as the leader of civil society, COSATU must have a political programme to:

- ensure delivery to the poor;
- build a movement for transformation;
- guide its intervention.

Since the formalisation of the ANC-COSATU-SACP alliance in the early 1990s, there has been talk within COSATU of the need for a common alliance programme. Although having proved illusive in the past, with government's abandonment of the RDP in its first term of office, there will again be calls for a common alliance programme.

It is time that COSATU learns from its past. What will make the emergence of a common alliance programme possible now? What will ensure that whatever

common programme is agreed to, is implemented?

As a priority, COSATU needs to formulate its own political programme. In doing this, COSATU should identify social forces that can be rallied in pursuit of the programme.

The programme that COSATU drafts must be popular and rooted within the working class. It must outline the manner through which COSATU hopes to intervene and what COSATU should take into the alliance. It must say what COSATU will do internally and what issues COSATU will take up, take to government and take to bosses. It must say, unashamedly, what COSATU would take onto the street.

### Basis of a programme

Over the last few years, COSATU has formulated policy after policy. In 1996, it produced *Social Equity – A Strategy for Job Creation*, which it considered to be its socio-economic policy framework.

COSATU consolidated socio-economic policies adopted in previous congresses and conferences, at its inaugural Central Committee in September 1998. These policies aim to improve the lives of the working class.

Unfortunately, government never adopted any of these policies, despite COSATU's claims that the frameworks were consistent with the RDP. The government and particularly the Ministry of Finance had a scornful attitude to COSATU's socio-economic policies and proposals.

In formulating a political programme, we do not need another book of policies. We need an urgent answer on how COSATU's vision can become a dominant discourse in South Africa. Though not an easy task, COSATU needs to draft a political programme to guide its intervention.

While guided by its broad vision for socialism, COSATU must carefully choose immediate issues it will intervene on, to better the lives of the working class and the poor. This selection will help kick-start drafting a political programme. When drafting its programme, COSATU should not avoid issues that will dominate public policy debate in the coming period. These include:

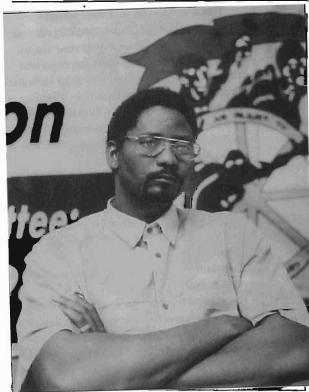
- the expected report on the feasibility of a comprehensive social security system;
- privatisation of state assets;
- government's determination to downsize the public service;
- job losses;
- monitoring agreements from the Jobs Summit.

But COSATU must not confine itself to socio-economic issues and issues that deal with the physical existence of the working class. It must fight to defend and extend democracy. COSATU's political programme must outline:

- measures on how to make government more accountable and accessible;
  - steps to fight over-centralisation of power;
  - steps to strengthen the legislative arms of the government and the institutions that elected representatives serve on, in relation to the executive;
  - measures to defend independent bodies with a public mandate, such as the South African Broadcasting Corporation (SABC).
- Only such a programme will capture the imagination of the federation's membership and the broader working class. Only a programme of struggle can tilt the scale in favour of the poor. No amount of sweet-talking within the alliance will benefit the working class.

### Independence

The required political programme will not emerge unless the culture of political



*Zwelinzima Vavi admits COSATU's weaknesses when it comes to campaigns.*

debate is revived. One of the most worrying developments within COSATU has been the absence of vibrant political debate.

Comfort has been drawn from the fact that unlike the 1980s, COSATU's political perspectives have not been a product of intense disagreement and debate amongst affiliates. There has been satisfaction with the ease with which political positions are formulated within the federation. This would not be a problem if it were a product of political debate within the organisation. What happened to the socialist forums that were agreed to in the 1997 national congress which were to serve as a platform for debate within COSATU? Judging from preparation for national meetings, the extent and quality

of political debate within affiliates is questionable.

Another condition for the emergence of a political programme described above, is strict adherence to COSATU's principle of political independence. While the coming period should be an era of coalitions and forging of alliances, the labour movement's political independence should be jealously guarded.

### **Building a strong federation**

COSATU may adopt well formulated policies and political programmes. However, if it does not have a strong organisational base, such policies and political programmes are not worth the paper they are written on.

Recent surveys, however questionable their methodology may be, reveal a growing gap between leadership and rank and

file. They reveal that a tiny minority within the federation fully understands the policies that are formulated.

A recent report by the registrar of unions shows a high growth of unions not affiliated to any existing federation in the country. COSATU has also lost members through job shedding in the sectors that form the core of its organisational base. These developments as well as the growth of atypical forms of employment (such as independent contractors and casuals) undermine COSATU and pose organisational challenges.

If COSATU wants to have an impact in the coming period, it needs to deal with these organisational challenges. Delegates at the federation's 6th national congress in 1997, adopted a number of resolutions and

recommendations made by the September Commission. Many of the resolutions were meant to address the above-mentioned problems. What we need now is not a re-invention of the wheel, but an assessment of how far the organisation has gone in implementing the resolutions on strengthening the federation.

COSATU needs to soberly and honestly say whether the recurring nature of these organisational weaknesses is due to problems of implementation or the absence of a political compass. Organisational weaknesses are sometimes reflections of a deeper political problem and confusion. COSATU needs to establish the source of the problem. It must guard against the danger of reducing organisational problems to narrow concerns of organisational development (OD).

### A multi-pronged strategy

COSATU needs to enhance its intervention at various levels to achieve the above. Presently, the federation intervenes in various institutions, in different ways and at different levels. Affiliates are involved in bargaining. There is work on socio-economic policies at Nedlac. There is also engagement within the alliance.

There may be pressure on COSATU (from within and outside) to reduce the range of fronts it intervenes on. However, for the reasons outlined above, COSATU cannot afford to retreat from political unionism into defensive unionism – concerning itself only with bread and butter issues confronting membership. Such a retreat would confirm the accusation that COSATU and its affiliates represent a selfish elite.

The issue is therefore not that of disengaging from the various institutions and different levels at which COSATU intervenes. The issue is what to prioritise

and how to use these different levels of engagement in a strategic manner.

In a recent interview, COSATU's acting general secretary, Zwelinzima Vavi, admitted COSATU's weakness when it came to campaigns. The following picture emerges when assessing the campaigns (adopted at the 1998 Central Committee) on demutualisation, high interest rates, privatisation of municipal services and the ESKOM Amendment Bill.

- an imbalance between mass campaigning and negotiations;
- an over-reliance on the institutions open to labour rather than relying on mass struggle;
- an inability to ensure proper co-ordination of the different forms of engagement;
- a lack of canvassing membership views when formulating positions;
- little education of members on actual positions.

COSATU is not using the resources it has at its disposal strategically. While it has spoken about training leadership to deal with sub-national levels of government, it has not launched a thorough training programme. It has also not tapped the fact that in many governing bodies of township schools, one is bound to find a COSATU shopsteward. It has not used these shopstewards as soldiers in its campaign to transform the education system.

To emerge as a strong force in the coming period and to deal with the challenges it faces, COSATU must develop a multi-pronged strategy of intervention with a clear understanding of the strengths and resilience of certain weapons in its armoury. ★

---

*Dinga Sikwebe is NUMSA's national education co-ordinator. He wrote this article in his personal capacity.*

# Reviewing labour legislation

President Thabo Mbeki, in his opening address to Parliament on 25 June 1999, suggested the following areas of labour legislation be reviewed:

- probation;
- remedies for unfair dismissals;
- dismissals for operational requirements;
- the extension of bargaining council agreements;
- 'certain' provisions of the BCEA, which he did not specify.

## Labour market flexibility

The review referred to by President Mbeki seems to have been prompted by business's concerns that labour legislation is not flexible enough.

The free marketer's mantra is that South Africa's labour market inflexibility causes unemployment and lessens economic growth. The supporters of 'labour market flexibility' believe that if you repeat the mantra often enough, it will become true.

The ILO's February 1999 briefing report sets out a different view about South Africa's labour market flexibility. It states that

- labour regulations have been reformed to allow labour market adaptability and employment security;
- South Africa's labour regulations on dismissal, fixed term contracts and working conditions do not appear to be

*Government has suggested that labour legislation be reviewed. Anton Roskam and Carla Raffinetti comment on some of the proposals that are being considered.*

particularly burdensome when compared to other middle income countries;

- the regulatory environment has not obstructed rationalisation and 'rightsizing', especially in export industries. 'Inflexible' labour markets are therefore not at the heart of the employment problem;
- wages are responding to labour market conditions. There is some association between wages and regional unemployment rates in respect of unskilled workers.

The ILO document maintains that employers believe that the new labour market policies have made it more difficult to employ workers. The document also states that these perceptions are not rooted in reality, although they influence business's behaviour. They manifest in a reluctance to employ new workers. This has negative

Column contributed by Cheadle, Thompson and Haysom



consequences for job creation.

If the ILO is correct when it states that the problem is essentially one of perception, then the appropriate solution is to correct those misconceptions rather than to amend the legislation. The answer does not lie in extinguishing the rights of workers and their organisations.

The debates about labour market flexibility raise important issues that are difficult to balance. The debate should not narrowly focus on how to make the labour market more flexible under the pretext of job creation and economic growth. It should also consider the impact that deregulation may have on:

- job security;
- job creation;
- the debate redressing inequality and discrimination in the workplace.

Finally, it should consider the impact that increased flexibility will have on the capacity of collective bargaining as a means to address these problems

### Ntsika discussion paper

The Ntsika Enterprise Promotion Agency, which is linked to the Department of Trade and Industry, released a discussion paper in March 1999. The paper deals with the areas of labour law that government believes should be reviewed

The Ntsika discussion paper is an unhelpful contribution to the debate about legislative reform. The reasons for this include:

- The discussion paper is biased in favour of small business. It goes on about the 'hassles' that supposedly confront small businesses. The central thrust of the paper is that small businesses should be 'freed' from the constraints of labour legislation - but this is at the expense of workers
- The paper does not deal with the implications of exempting small

businesses from labour legislation. It ignores the interests of workers in the small business sector. These workers are often highly vulnerable. The paper fails to address the real possibility that medium size businesses will restructure, fragment and possibly downsize to evade the labour laws

- The paper suggests that certain basic conditions of employment contained in the BCEA should be eroded. In particular, it targets the overtime rate, the minimum severance pay requirements, the minimum annual, sick and maternity leave provisions, the weekly maximum working hours; the minimum notice periods and the minimum wages to be set by the Employment Conditions Commission (even though some of them have not yet been determined). The paper concludes this less than five months after the new BCEA came into operation and without any empirical evidence.
- The paper assumes that the deregulation of the labour market in relation to small businesses will create more jobs. However, no empirical evidence is provided to support this

### Recommendations

The key recommendations in the Ntsika paper include:

- provision for a six-month probationary period during which an employee's right to a procedurally and substantively fair dismissal will be limited. The paper proposes that employers should be able to dismiss probationary employees summarily (ie, without notice),
- giving the CCMA and the Labour Court greater discretion to determine the amount of compensation to be awarded for procedurally unfair dismissals,
- allowing the Minister of Labour to refuse to extend bargaining council



*It is unacceptable for the law to prevent unions from striking to protect their members' jobs.*

agreements to small businesses if the agreement obstructs job creation and fails to accommodate problems facing small and new businesses.

These proposals are difficult to respond to because they are vague. We intend highlighting some of the problems and factors that need to be considered when assessing these proposals. In line with President Mbeki's remarks, we also provide food for thought about retrenchments.

### Probation

Ntsika's proposal, as we understand it, is that probationary employees should be excluded from the LRA, or that their rights under the LRA be limited.

This begs the questions: will the proposed curtailment be total or partial. If

it is to be partial, which rights would be curtailed? The proposal also raises a number of other questions:

- Is the proposed six-month probationary period appropriate in all sectors?
- Under what circumstances, if any, can the probationary period be extended?
- Will it be possible to dismiss probationary employees without a valid reason?
- What is the reason for wanting to dismiss probationary employees summarily, without notice or notice pay?
- Will probationary employees faced with claims of misconduct or poor performance be given an opportunity to defend themselves against the allegations?
- Will a probationary employee be given the right to appeal against his or her dismissal to the CCMA or Labour Court?
- What powers will the CCMA or the Labour Court have to award re-instatement or compensation?

The discussion paper states that this proposal will encourage employers to 'try out' more employees. However, employing more workers for short probationary periods will not affect the demand for labour, which is the basis of job creation.

Probationary employees are often new job seekers. Should the emphasis rather not be on how to develop these workers' skills while they are on probation? Employers should be encouraged to place probationary employees in structured learnership programmes in order to provide them with valuable work experience.

### Remedies for dismissal

The CCMA and Labour Court have very little discretion to determine the amount

of compensation for procedurally unfair dismissals Section 194 of the LRA fixes the amount of compensation for a procedurally unfair dismissal to the value of the pay that the worker would have received from the date of dismissal to the last day of the arbitration or adjudication, had he or she not been dismissed

The Labour Appeal Court has held that the arbitrator or court does not have discretion to order a lesser amount. However, an arbitrator or court can decide to order no compensation at all.<sup>1</sup>

A substantial backlog has developed in case allocations in the CCMA and the Labour Court. The delays can be anywhere between eight and 24 months

Employers often argue that the arbitrator or court should not order any compensation where there is a substantial delay They argue that the compensation is too high when compared to the seriousness of the procedural defect They also argue that the unfairness of the procedural defect is lessened where an employee obtains alternative employment soon after his or her dismissal

Some workers have found themselves in the difficult position of having had to wait for many months as a result of administrative delays in finalising the award, only to receive no compensation at all Others have received a large amount of compensation.

The proposal is that the LRA should be changed to give judges and arbitrators the discretion to determine the amount of compensation, in line with the seriousness of the procedural defect.

When the new LRA came into operation it was thought that disputes would be resolved more speedily. A possible alternative (although not a mutually exclusive one) to amending the LRA would therefore be to increase the administrative efficiency of the Labour Court and the CCMA.

Either way, it should be remembered that the purpose of section 194 was to prevent procedural irregularities A lessening of the penalties could result in an increase in procedural irregularities, which is something the legislature should not encourage

If the LRA gives more discretion to arbitrators and judges, there should be guidelines in the law for determining compensation The amount of compensation should not be dependent on the subjective whims of the arbitrator or judge.

### Extending agreements

The Ntsika document suggests that the extension of bargaining council agreements should be dependent on two additional criteria, namely that:

- the agreement does not hinder job creation;
- the agreement accommodates the problems facing smaller and new businesses.

Yet again, the paper does not contain any empirical evidence to show that extensions of bargaining council agreements since the start of the new LRA have hampered job creation in the small and medium to large business sectors The paper also fails to set out any reasons why new businesses should be exempt Neither does it explain what is meant by a new business

The document does not distinguish between the employment creation prospects of small, and medium to large businesses It is doubtful whether a distinction based merely on the size of a business could ever withstand constitutional attack

Moreover, it will be difficult for the Minister of Labour to measure the job creation prospects of a collective agreement without descending into mere speculation

It is also not easy to understand the

reasons why the present provisions of the LRA do not adequately cater for the needs of small and new businesses:

- Section 30(1)(b) requires a bargaining council's constitution to provide for the representation of small and medium enterprises on the council. The LRA therefore gives small and medium businesses the scope to influence the nature of the collective agreements.
- Section 32(3)(c) allows the minister to refuse to extend a collective agreement (concluded in a bargaining council) to a non-party if the agreement does not establish or appoint an independent body to grant exemptions to non-parties.
- Section 32(3)(f) allows the minister to refuse to extend such a collective agreement to a non-party if it does not contain the criteria that the exemptions body must apply. The criteria for exemptions must be fair and promote the primary objectives of the LRA. It should be remembered that one of those objectives is to promote collective bargaining at sectoral level.

The LRA permits a small enterprise to apply for an exemption from a collective agreement that is too burdensome. The Ntsika document seems to suggest that the very process of applying for an exemption is too onerous. If this is the case, the answer lies in simplifying the exemption application procedures, rather than allowing small and new businesses to circumvent the exemption process altogether. A blanket non-extension to small and new businesses is not sensitive to the varying needs of workers at each enterprise.

The Ntsika document also suggests that it should be the bargaining council's responsibility to show the Minister of Labour that the council's agreement accommodates small and new businesses. This is absurd. The responsibility should be on the persons who have the

knowledge of their enterprises.

## Retrenchments

The LRA states that an employer can only dismiss for a valid reason. The Act allows employers to dismiss workers for operational reasons. Section 189 sets out the steps that must be followed when dismissing for operational requirements. The safeguards in section 189 are largely procedural and only impose a duty to consult in an attempt to reach consensus. There is no duty to negotiate and to reach agreement.

The Labour Court has interpreted the definition of 'operational requirements' very broadly.<sup>2</sup> Even the mere possibility of increasing profit probably qualifies as an operational requirement that justifies a dismissal.

The courts are reluctant to second-guess management's operational decisions. 'The Labour Appeal Court has chosen to limit the scope of the inquiry to determining the rationality of the employer's ultimate decision on retrenchment, it [is] not the court's function to decide whether it was the best decision under the circumstances, but only whether it was a rational commercial or operational decision, properly taking into account what emerged during the consultation process.'<sup>3</sup>

So long as the decision to dismiss is operationally justifiable, the court will not probe the merits or correctness of the decision. This limits the courts' evaluation of the substantive fairness of dismissals for operational requirements, even where the union has proposed a viable alternative.

The courts' limited powers to investigate the substantive fairness of operational dismissals have also allowed employers to force workers to agree to changes to their terms and conditions of employment (including variations to basic



*The LRA promotes collective bargaining at sectoral level.*

conditions of employment) All that employers have effectively done is to threaten to retrench workers who refuse to accept the changes. In so doing, employers have undermined collective bargaining.

To date, the Labour Court has not pronounced upon the inherent unfairness of this. It is unfair because section 187(1)(c) of the LRA prohibits employers from dismissing workers who refuse to give in to the employer's demand.

The LRA should allow the courts to adjudicate the need to retrench and the alternatives to retrenchment. Without this unions will often be left with little option but to strike over the operational decision that gives rise to the need to retrench. We believe that operational decisions are matters over which workers can strike. However, this is a controversial point.

Some will argue that striking in the context of retrenchments is inappropriate and not in the interests of workers and businesses. A strike in such circumstances may worsen the financial plight of the company.

We believe that it is unacceptable for the law to prevent unions from striking to protect their members' jobs, especially where the courts do not comprehensively adjudicate the substantive fairness of operational dismissals. It may be better from a policy point of view to prevent the exercise of power where jobs (and sometimes even the continued viability of businesses) are under threat. However, if this is to be the case, the law should weigh up the need to retrench by not only taking into account the business's operational needs, but also the need for job creation and security of employment. ★

### Footnotes

- 1 *Johnson & Johnson (Pty) Ltd v Chemical Workers Industrial Union (1999) 20 ILJ 89 (LAC)*
- 2 *Henry v Adcock Ingram (1998) 19 ILJ 85 (LC)*, *FAWU v Simba (Pty) Ltd [1997] 4 BLLR 408 (LC)*
- 3 *SACTWU & Others v Discreto (unreported Labour Appeal Court judgement, 1998)*

---

*Anton Roskam and Carla Raffinetti are lawyers at Cheadle Thompson & Hayson*

# Investing in ourselves

## *a cautionary tale*

Over the last 20 years trade union movements in different parts of the world have developed a range of responses to try and reverse their decline in membership and corresponding limitations in political influence.

In the industrialised northern hemisphere, union movements faced increasingly antagonistic governments who pursued reactionary, orthodox economic policies reinforced by anti-union legislation. This led to permanent unemployment for millions of workers, which, in turn, dramatically undermined the power of unions to influence the economic and social agenda.

Nowhere was this more sharply illustrated than in the USA and Britain. In 1979 the British Trades Union Congress had just over 12 million paid up members. Government consulted it on all major industrial and economic questions. At the end of 1998, membership stood at just over 6 million, and it struggled to receive any sort of hearing in the corridors of power. Many historically militant and active unions virtually disappeared, including Mrs Thatcher's most hated union - the National Union of Mineworkers - which currently has a membership of around 8 000 compared to 90 000 less than 20 years ago.

The picture in the USA is hardly better. The AFL-CIO saw its influence plummet and despite a 'friendly' government in the

*Stephen Faulkner argues that unless South African unions learn the bitter lessons of what happened when unions in the UK and USA adopted business unionism, they too will be weakened and lose political power.*

---

White House, union density today remains very low indeed. ALC-CIO leaders may now at least be invited for talks at the White House, but their actual influence, by their own admission, is debatable.

In the southern hemisphere, union movements suffered the consequences of much the same economic policies, imported via the International Monetary Fund (IMF), but implemented with breath-taking severity.

Dressed up in the language of structural adjustment, state assets in even the poorest of countries were sold off at knock-down prices, and cuts in fragile but essential social services increased appalling levels of poverty. This resulted in hundreds of thousands of workers being retrenched, without the benefit of any kind of social security safety net.

Union movements have been on the defensive for a long period almost

everywhere. That is what made the South African movement so thrilling for many of us. Here at least, unions were still growing, and maintaining a militant political tradition in sharp contrast to most parts of the world

### Welcome to the real world?

However, the tide is turning in South Africa too, and unions must address many of the same issues that have faced comrades in other countries – privatisation, looming job losses, and an economic development model that is proving increasingly incapable of delivering what was promised. The impact on unions has been considerable. Unions in the manufacturing sectors in particular have been hardest hit, and a serious decline in membership is now evident. Maintaining membership and being able to sustain the structures are key concerns. In this context, it is useful to look at what has happened in other countries, and at the responses and strategies put forward by union movements elsewhere. In this brief article it is only possible to look at a limited number of examples of how union movements in different parts of the world have reacted to the crisis of declining membership, and the more general question of sustainability. There are, however, a number of key lessons to be learned – particularly in relation to union investment companies.

In the USA, unions developed 'business unionism' to tackle declining membership and to maintain existing members' loyalty. This approach was later adapted and adopted by the British Trade Unions Council (TUC) and many other movements' worldwide.

### Rationale

In essence, the approach to business unionism was based on a number of assumptions:

*Firstly, workers were not interested in or committed to traditional forms of unionism.* People claimed that there had been significant changes in the sociology of workers. Many workers aspired to higher positions, and no longer shared traditional class-based values. Indeed many workers identified with Thatcher's and Reagan's underlying political views and voted for them. Individualism was replacing collectivism.

*Secondly, political engagement with government on a formal or informal level was no longer an option, or indeed desirable.* Union engagement in organised politics took a back seat. This was encouraged by the Democrats and New Labour waiting in opposition, who saw association with the labour movement as a liability. Even in the face of blatant attacks on the right to organise, and in contradiction to the most basic rights enshrined in ILO conventions, British and US unions were cautioned by the awaiting opposition not to 'rock the boat', but to be patient and hold fire until after the elections, when all would be resolved.

*Thirdly, it was stated, (often on the basis of suspect telephone marketing surveys), that what union members wanted most from their unions, were sensible negotiated settlements which did not threaten job security.* They did not want militant action; after all, this had led to the defeat of the miners in the UK and the pilots and other workers in the USA.

*Fourthly, if unions wanted to retain members, and attract new ones, they had to provide services.* Unions must use their considerable investment potential to extend their operations and compete in the market place to provide those services normally offered by capitalist enterprises, especially in insurance, travel and banking.

## Services or serving

People argued that this approach would reverse membership decline, and provide sufficient revenue to sustain unions. In Britain, unions launched discount card schemes, set up insurance companies, negotiated private health care schemes for their members (despite appeals by poorly paid health workers to support the National Health Service) established banking facilities and a range of other enterprises.

US unions went further. They did all the above, but also bought casinos, resorts, hotels, hospitals and a whole host of 'going concerns' to provide services to members and make money for the union movement.

In the mid-80s, this was heralded as the new approach to trade unionism. In a mirror image of the Thatcher/Reaganite mantra of certainty by stating that there is no alternative, the US and British trade union movements launched themselves into the era of New Realism. Those who at the time opposed these approaches were written off as 'dinosaurs' waiting for extinction.

## But did it work?

Needless to say, this remains a contested area. I would argue that it did not.

For a start, membership did not increase significantly. In fact, in some sectors, particularly in manufacturing, union membership continued its downward spiral.

In one infamous episode a number of unions competed to persuade new Japanese employers in the car assembly industry for the 'privilege' of representing workers. In the process they outbid each other by promising a passive workforce, and by undercutting the wages and conditions of those they were striving to represent. Where membership did grow was in the public sector unions, but this

had little to do with New Realism, or business unionism.

And as successive elections illustrated, Thatcher and Reagan enjoyed re-election. This was not because workers had rallied to their cause and adopted the philosophy of the right. It was because hundreds of thousands of workers were not sufficiently convinced by the opposition's arguments and therefore abstained from voting.

## Shining examples

In the UK, the largest of the public sector unions, UNISON, was among a small group of unions that maintained much of the traditional militancy considered unfashionable.

It addressed low pay and the social wage. It energetically campaigned against privatisation and exposed the fat cats who shamelessly plundered national assets. It took up gender issues and embraced community campaigns against police racism and the deportation of 'illegal' immigrants.

It used creative and humorous publicity campaigns, and intensified membership education programmes. It did not allow itself to be tied to New Labour's cautiousness, and emphatically stated the need for radical alternative policies to those proposed by Her Majesties Opposition. And UNISON grew, organisationally and politically.

Much the same process was underway in sections of the US trade union movement, and was strengthened by the election of a new left-leaning AFL-CIO leadership.

Unions organising service sector workers took the lead with a radical turn towards primary organising. They put their money and resources where their mouths were too. They swiftly and extensively built their organising capacity. They raised the status of organising, and





*Unions in the manufacturing sector have been hardest hit and a serious decline in members is evident.*

challenged the prevailing culture of it being seen as the bottom rung on the union career ladder. They addressed the needs of marginalised and casual workers. They took pride in recruiting the poorest and most oppressed workers. They developed high quality programmes of worker education dealing with key working class concerns and identified with workers in struggle world-wide. They even revisited the history of the radical US workers' movement, and made popular connections with parts of history that had been suppressed under the anti-Communist witch-hunts of the '50s. And they also grew.

### **Failures of business unionism**

In the USA, the new union leadership that emerged unearthed the darker side of business unionism. It took months for the new left leaning leadership to find out exactly what was in unions' investment portfolios, and even longer to find out

how many people were on the unions' payroll. No one seemed to know. Many of these deals were shrouded in secrecy. Business unionism adopted the closed-book practices of business itself.

Yesterday's supporters of business unionism, including many who now embrace the more proactive approaches outlined above, say that business unionism was appropriate for the time. Union struggles and confidence were at an all time low, and the survival of the union movement was at stake. But this too is a deeply contested argument.

The overwhelming drawback of business unionism, and its many varieties world-wide, is that it demobilises, and depoliticises workers, precisely at a time when only their mobilisation can protect working class living standards. By restricting the issues that can be raised (for fear of contradicting the policies of historical political allies) it paralyses activists. Even worse, it feeds into all the

anti-union press publicity of unions being little more than shallow commercial empires operating only to benefit high salaried union 'barons'.

Using profit from investment monies for union income, instead of using money from subscriptions decreases the need for:

- organising campaigns to extend membership;
- measures to maintain internal union democracy and accountability.

It is ironic that as the British and US trade union movements implicitly recognised that business unionism was failing, and quietly buried it, the South African trade union movement is extending its own version through investment arms.

Both the US and British trade union movements have recognised that creative approaches to basic organising, and making people feel that they are part of a movement, is a much more effective way of winning membership, sustaining organisation, and ensuring that they regain political power.

### **A unique approach?**

In South Africa the warning signs are emerging. We cannot assume that a radical and militant tradition will protect unions from the worst excesses of business unionism (even our own variety) and that it will work out differently here.

There are already a number of instances where workers, facing retrenchment, have demanded their cut of the profits accrued in their name with disastrous, and, in one recent case, tragic consequences. What message is sent to membership when unions say they are serious about campaigning against low pay and poor conditions, and then invest in and reap profits from the very companies and sectors which maintain poverty pay and conditions to maximise profits?

What message is sent to membership when union leaders say that managing directors and the wealthy should have their tax perks removed and be paid less, and then they themselves become millionaires through handling union investment accounts?

It would hardly be surprising if workers saw little difference between business or union bosses. And worse, it legitimises the view promoted by the rich and powerful, that everyone is in it for themselves - the very opposite of trade union and socialist values.

### **Investing in ourselves**

Concerns are emerging. The long-term impact of business unionism, and New Realism is still being felt today. If union leaders in the UK and the USA had invested the same time and energy into organising workers and maintaining democratic participation as they had put into establishing union businesses, it is doubtful whether Blair or Clinton would have been able to maintain the reactionary industrial relations framework that were put in place by the Tories and the Republicans.

South African trade unionists need to address these issues without delay. At its recent congress in Durban, SACCWU passed a motion that instructed its investment arm not to invest in those sectors in which it organised in order to avoid a conflict of interest.

Contradictions such as these will come back and haunt us all unless we learn the lessons from elsewhere, and reassert those values and ways of working which are consistent with our stated aims, and the type of society that we are trying to create. ★

---

*Stephen Faulkner works for Ditsela He writes in his personal capacity*

# Plant now, harvest later

*pressures facing union investment companies*

In 1996 and 1997 the *Bulletin* featured a lively debate on union investment companies. At that stage union investment companies were a new phenomenon. Now, more than two years later, there are ten investment companies, 60 union investments and tens of billions of rands worth of investments.

Some of the arguments then suggested that union investment companies could change the nature of the economy. Investing would allow unions to build up resources and become financially viable organisations. Well, have they? This article assesses what has happened to NUMSA's and SATAWU's investment companies.

## Seed capital and financing

On 19 April 1997, NUMSA registered the National Manufacturing Workers Investment Trust (NIT) which owns 100% of NUMSA's investment company. NIT received a R300 000 loan from NUMSA, which it has already paid back.

Concerning its current financing, NIT chief executive officer (CEO) Charles Millward claims 'we pay for our existence by taking money from the deals that we do'.

SARHWU Investment Holding's (SIH's) starting out capital came from a R700 000 loan from the union. It used this money to set up offices and paid the loan back with interest (R1,3-million) within 18 months. SIH was also financed through a special

*Etienne Vlok examines NIT and SIH's investment strategies, whether they are aligned with union principles and whether they are subject to union control.*

---

purpose vehicle (SPV). It receives its current financing on a project-by-project basis.

## Objectives

Millward states that NIT's purpose is to secure housing, education and health benefits for NUMSA members. Its first objective is to create wealth for members by 'taking advantage of the opportunities provided by government to historically disadvantaged people to participate

## SPV

Financiers, such as banks or insurance companies, create a SPV in which the union investment company has ordinary shares and the financier has preferential shares. This provides the union investment company with capital to invest. Once its investments make a profit the financier gets paid first because it has preferential shares. Whatever is left goes to the union investment company.

meaningfully in the economy'. Its second objective is to engage in industry to create employment opportunities by 'investing in productive sectors of the economy'.

Sandle Zungu, SIH's CEO, outlines SIH's many objectives: 'Firstly, help labour transform and develop our economy. We want to make workers benefactors of the economy that they are building. We will do this by making them shareholders of SIH. Secondly, facilitate the transfer of skills to disadvantaged people. You can do this better by being an owner or shareholder of a company than by being on the shopfloor. Thirdly, to help the region's economies integrate. As a transport union, we are well-placed to deliver the infrastructure such as roads, rail and airports. Fourthly, invest in the areas of the economy that will create jobs. But it will only come over time. We can only dedicate part of our balance sheet to it.'

SATAWU's national organiser, Derrick Simoko, adds 'as a trade union with socialist ideas, we aim to ensure that the means of production are owned by the workers'.

### How are they different?

Do union investment companies invest differently to non-union investment companies? Ravi Naldoo, director of Naledi, asks: 'If they are unable to do anything different, what is their reason for being?'

Zungu replies: 'A businessperson without a conscience will only invest for returns. But we see ourselves as government's partner in job creation. We will not be listing in London or establishing an offshore business in Australia. We create wealth to create



Derrick Smoko, SATAWU national organiser.

opportunities for others.'

Millward adds that union investment companies are similar to other black empowerment companies 'We represent a credible constituency and we are a credible partner for empowerment.'

Are they able to do things differently?

### Investment strategy

NIT's strategy is 'to create businesses in each sector that will, in five years time, be major players'. It regards the financial services sector as the most important sector - NIT wants to create a union-owned bank: 'After two years we have found a bank to buy. We have two ambitions: firstly, provide a banking service to members who are abused by the micro-lenders. Secondly, the investment banking will provide funds for empowerment deals.'

For Millward, other important sectors for investment include media, telecommunications, information technology (IT) and industrial catering: 'We are securing a deal in IT to train people cheaply. Industrial catering is an obvious area for us since we organise where these caterers operate. We are also

involved in health care. It can help us to provide good medical benefits'

Explaining why NIT's investments have mainly been in the service industries and not in manufacturing, Millward remarks 'these investments have been made based on firmly financial criteria. They have shown exceptional rates of growth - 30% and upwards - whereas the manufacturing sectors have not performed nearly as well'

The COSATU CC resolved that union investment companies should invest in the productive sector of the economy rather than invest in speculative financial investments. How, then, does Millward explain NIT's investments based on financial criteria? 'Our investments so far have not been speculative because we want to keep them for a long term. They are not huge job-generating investments. We have a responsibility to make money. How do we justify not making money by pushing investments into manufacturing instead of IT?'

Millward thinks that government should assist in job creation because it is not worthwhile investing in manufacturing. 'We need a government industrial policy to help manufacturing. We help the union negotiate an industrial policy with government.'

SIH has a three-sector focus: transport, IT and financial services. SIH decided to

invest in the transport sector because it is perceived to be an industry under threat. Zungu says that SIH never invested in companies where its union is organised, it was mostly where TGWU organised, such as Avis and Rent-a-bakkie.

#### *Investing in their own sector*

What happens when unions invest in the sectors in which they are organised? Do they land up on both sides of the negotiating table? To solve this dilemma, NUMSA banned NIT from investing in steel and engineering. But this is problematic for Millward. 'This is contradictory, because how can you be the boss of NEHAWU but not NUMSA. This will be workshopped and hopefully we will be able to invest in our own industry. This will allow us to create jobs there and engage with government on industrial policy.'

For Simoko, it is easy to justify why SIH invests in its own sector. 'Socialist thinking says that workers should own the means of production, so workers should own their own factory.'

He believes that conflict exists between bosses and workers because the former do not make all the information on the company available. For Simoko, this conflict will no longer exist when the union owns the company: 'Workers will then better understand where all the

### **September Commission findings**

The September Commission identified problems with union investment companies:

- unclear strategic goals;
- using retirement funds to finance deals;
- decisions about investments do not allow for members' participation;
- union officials gaining financially.

The commission was worried that these could cause further problems:

- conflict in the unions over investment strategies;
- widening the gap between leaders and members;
- lack of social criteria and disregard for union principles when investing.

The commission feared that 'instead of trying to influence the pattern of capital accumulation, we accommodate ourselves to it, even through engaging in privatisation'.

money goes to and there would be no conflict!

#### *Affected affiliates*

COSATU's CC adopted a resolution that COSATU and affiliates who intend investing in sectors in which a COSATU affiliate is organising, should consult with the affected affiliate.

Asked whether they do it, Simoko said that he suspects that they are not. But, he added that the companies have bodies where they consult about their investments and SIH might have done it there. Zungu confirmed that SIH had consulted with TGWU before it invested in Avis and Rent-a-bakkie.

#### *Privatisation*

*Business Map* reports that 'the issue of union investment in privatised entities is controversial. Some unions... oppose privatisation, while others have become buyers.' One side argues that, by investing in privatised entities, the unions' opposition to privatisation is being compromised. The other side believes that the unions would be doing themselves a disservice by not getting involved.

Simoko sides with the latter: 'We believe that if Transnet, the government-owned transport company, is being sold, it should belong to the workers.' Millward agrees: 'Government will keep on privatising and outsourcing. Unions can either fight it and risk being trampled or engage in

privatisation and secure deals to benefit members.'

#### *Investment criteria*

Initially union investment companies were criticised because they did not select investments using any criteria. Since their establishment, interest in socially oriented investments has grown. When the Community Growth Fund (CGF) was launched a number of unions supported it. It only invests in companies that have passed the test of acceptable labour and environmental practices. *Business Map* finds it surprising that the unions have not used these criteria more when investing.

NTI has two criteria: the companies must have an affirmative action programme and they must transfer skills to create black managers.

SIH looks at:

- the history of the company (for example, did it support the previous regime? What was its attitude to trade unions?);
- whether it creates jobs;
- whether it adds value to the economy;
- whether it has an affirmative action programme.

#### *Force for transformation*

COSATU's CC adopted a resolution that union investment companies should 'change current patterns of control and corporate governance and develop a model democratic and transformed

#### **Sun Air**

Investing in one's own sector can create problems, as was shown in the Sun Air privatisation exercise. SARHWU had to withdraw from the Sun Air restructuring committee where it represented workers because SIH was a member of the Virgin consortium, one of the bidders. Virgin subsequently withdrew from the bid.

Zungu believes that this was a learning experience: 'SIH really wanted to be involved because it was one of our first investments. On the other hand SARHWU wanted to get a good deal for its members. They did not have to be part of the bidding because they had already secured a good deal for their members. It is an exaggeration to say that there was conflict.'

workplace'. However, a report on union investment companies states that 'while justifying their investments on the basis of the concept of social capitalism, so far the union investment companies have shown little intention to exercise influence over the operations of their investments, such as influencing corporate decision-making around areas of union interest'.

#### *Listing on the JSE*

SIH has decided to list on the Johannesburg Stock Exchange (JSE) and sell shares to fund its investments. Zungu explains 'We have to find innovative ways to get funding. SARHWW's Enablement Trust currently owns 64% of SIH, management owns 21% and Sanlam owns 15%. A portion of the trust's 64% will be given to the members as shares in the company. The rest remains with the trust so that it can continue with its development work. We are doing this because not all the workers benefit from the trust's work. With the listing, each worker, who was a member of SARHWW before it merged to become SATAWU, will benefit by receiving free shares worth R1 800. SATAWU members, who were not members of SARHWW, can buy shares'.

Simoko says that this is a first in South Africa. 'This addresses members' needs and allows them to gain personally from the investment company. Because the members have direct ownership they will not fight with the leaders. The trust has first option on the shares if the workers want to sell them, ensuring that ownership does not go out of SATAWU. SATAWU will forbid workers from selling their shares in the first year. During this time it will have road shows to explain the importance of shares staying in the union.

An expert in the field believes that listing on the JSE could make the union



*Sandile Zungu, SIH CEO.*

investment companies more transparent and accountable. It could also address scepticism about non-delivery.

#### *No money*

Neither NIT nor SIH has paid money into their trusts. Millward says that NIT is still young and that none of its investments is dividend producing yet. He believes that NIT will be able to pay money into the trust in two to three years. NIT's and SIH's dividends so far have been used to fund new investments. Zungu says that SIH has been in business for only two years. 'We have not yet harvested, we are still planting.'

#### **Union control**

Criticism was levelled at office bearers sitting on union investment companies for being remunerated. The COSATU CC resolved that union officials and office bearers should not gain financially through access to cheap shares or directors' fees. It



Charles Millward, NIT CEO.

also decided that unions and officials should not be involved in the day-to-day investment activities.

NIT's board has union representatives, executive management as well as other experts. Millward says that 'we want the board to represent more than the union movement'. NUMSA's trust has a majority of union trustees to ensure that policy decisions are in line with NUMSA's objectives.

SATAWU's board of trustees includes nine SATAWU members. The trust seconded six office bearers to the board of SIH. Zungu says 'they represented the trust on strategic meetings and the executive committee. They used to get paid directors' fees but the union told us to stop this. Now only the union's treasurer sits on the board'.

Simoko explains the decision to cut office bearers from SIH's board: 'The leaders' task is union business, not business. We were worried that by sitting on the board and getting paid their

interests would move away from unions. We realised that we made a mistake by including unionists on the board and rectified it.'

#### *Forging a relationship*

Much of the discussions about unions and union investment companies centres around their relationship. Millward argues: 'Unions cannot be separated from the activities of their companies. They are substantially identified with their companies' activities.'

The CC agreed the following resolution: while the investment companies should be legally separated from the unions, unions should be involved in their overall governance to align union investment company strategy with union principles. The CC decided that the ultimate responsibility for the functioning of these companies rests with unions and their worker leaders

*Business Map* states that union investment companies must institute effective corporate governance. This will allow for proper reporting to, and communication with, the trusts and the union members. 'Poor corporate governance by union investment companies can bounce back negatively on the unions: how does a union argue for increased disclosure if its company is weak in this department?'

#### **Educating members**

In 1997, Dexter criticised union investment companies because workers had very little control over them. He felt that investment must be under the political control of workers. At that stage Naidoo found little evidence that union members are influencing the process or even aware of proceedings.

The CC resolved that investment decisions should be taken in a democratic



way allowing for members' participation. It suggested that there be information disclosure, accountability and worker training to understand issues.

SIH ensures that workers understand and participate in the company by publishing a newsletter informing members of what is happening. It also reports on its progress and investments at the union's CEC and NEC. Simoko explains 'SIH is independent. If it decides to invest it must go ahead as long as it is in the interest of the union and its members. SATAWU and SIH meet when they need to discuss investment issues' Zungu regards the national office bearers (NOBs) as the link between the company and the union members.

Simoko admits that there is currently no form of education 'but we will educate the members when we have workshops on their shares. When the board of SIH consisted of union officials the members had influence but we have stopped that now. SIH reporting to the union meetings ensures that its decisions are guided by the union.'

Asked whether the union officials have mandates when they meet with SIH, Simoko replied 'it is difficult to get mandates for every decision but mistakes are rectified'.

### Under pressure

Union investment companies are under immense pressure from many different sources. Union members expect improved working conditions, money being paid into the trusts, and reaping early benefits. They also question the large payments that the companies' executives have been receiving.

Another source of pressure comes from the financial institutions that loaned money to the companies: they want their loans paid back and are often the first to

be paid (as preferential shareholders). This limits the resources union investment companies can commit to socially responsible and less profitable investments.

### The future

Millward says that it is clear how unions got involved in owning businesses but the future will show how union ownership turns out. 'Unions are in many respects reluctant capitalists'

A report on union investment companies foresees a distance growing between the companies and their unions. The companies' success and the trend towards listing on the JSE will allow the companies to stand apart and reduce the unions' ownership and control of the companies.

In the past five years the union investment companies have learnt a lot. They are more critical about who finances them and the conditions attached to the financing. They are also more critical about which companies and sectors they will invest in. Governance and control in the companies have also improved. Challenges for the future include:

- dealing with financiers more strategically,
- empowering many by paying into the trusts;
- improving communication with unions and their members. ★

### Sources

- Ferial Haffajee, Innes Labour Brief vol 10 no 3, March 1999*  
*Special Correspondent, SA Labour Bulletin, vol 20 no 5, October 1996*  
*Ravi Naidoo SA Labour Bulletin vol 21 no 3, June 1997*  
*Phillip Dexter, SA Labour Bulletin, vol 21 no 5, October 1997*  
*Charles Milluard, Seminar paper 'Capitalist syndicalism'*  
*Business Map Empowerment 1999, March 1999*

# Code of conduct

*superficial tool or effective policy device?*

*'I am personally opposed to privatisation. At the same time I am not opposed to the union investing in privatised companies. There are times when I have to take my union cap off and become business minded. For example, when the workers at [the company in which the union has invested] demand a wage increase, I have to negotiate with them as a director based on sound business principles.'*  
*(Acting director of union investment company)*

**B**ecause of their social base, union investment initiatives are perceived as the 'great black hope' in the broader nation-building project. A project which involves creating a new black 'patriotic bourgeoisie' and which holds the promise of challenging the stranglehold of white finance capital over the economy. At this stage, black businesses represent only 6% of total assets on the Johannesburg Stock Exchange (JSE), but their share will grow with union investment companies destined to play a key role.

Since 1992, union investment vehicles have mushroomed at a rapid pace. Presently, all the major federations and their largest affiliates have set up some form of investment vehicle. Despite numerous debates and discussions within union ranks, the alarming growth of union investment

*by Labour Bulletin  
correspondent*

---

initiatives continues without a clear political strategy and policy guideline.

## Vague vision

Many directors and executive officers involved in union-controlled investment firms cite union-investment firms' immense strategic potential to alter the economy. For some, union investment companies can play a meaningful role in transforming the economy by harnessing social capital. This involves using union investment initiatives to achieve broader social objectives.

In the short to medium term, union investment companies can use investment as a vehicle to:

- create jobs;
- bargain for lower consumer prices;
- give ordinary people access to low cost loans;
- establish social service institutions such as health care clinics and retirement homes.

Based on the experience of unions in other countries, consumer power can be mobilised by co-operating with financial institutions, which focus on the needs of working people. Ideas such as giving credit cards that discount prices to unions

can be achieved by negotiating retailer concessions using the mass collective consumer capacity of the union membership. Union-led investment firms also have the potential to set up huge housing corporations focused on building affordable houses and flats. In this way they can make up for the serious shortcomings within the state by improving the living conditions of workers and union members.

Union-controlled investment companies hold the potential to develop small black entrepreneurs. This is perceived as a useful way of distributing wealth in a highly concentrated, highly unequal economy. They can use their investment potential to assist with training retrenched workers in entrepreneurial skills so that they can set up their own businesses. The stated mission of some investment companies encourages the growth of black entrepreneurs by subcontracting to small business, as well as mentoring black middle and top management teams.

In the longer term, the vision as seen by some, is that union-controlled investments can

- influence the state;
- unbundle monopoly capital,
- build a social sector of co-operatives.

This could ensure that their activities contribute to socialist objectives. However, this vision remains vaguely defined and the strategy to get there is even more unclear.

### Positive spin-offs

There have already been socially beneficial spin-offs for workers. These include bursaries for workers' children. SACTWU's Investment Company is a case in point. It has provided over 2 500 children of union members with bursaries and has extended its activities to educational assistance for members' children attending primary and

secondary schools. The bursary scheme further facilitates access to short courses for worker members of SACTWU.

The Mineworkers Development Agency (MDA) has increased its capacity to promote rural economic development and job creation. It bought a majority share in Rutec (a leading micro-economic development consultancy employing 91 people), whose systems, machines and training courses have created self employment for about 15 000 people.

COSATU's investment arm, Kopano Ke Matla is to set up a financial services group that aims to provide financial products and services to people, some of whom are union members. This will assist people who cannot get financial products and services from existing financial institutions. NUMSA's investment arm is also involved in financial services in the interest of its members.

Similar examples in a range of existing union investment companies abound. They demonstrate that union investment companies have played a meaningful role for a number of workers and have improved their lives.

However, these gains run the risk of being short term. Without a more clearly defined long-term strategy the gains can also be lost in the future. How can we ensure that union investment companies fulfil their strategic mission of building consumer power and harnessing social capital, or indeed posing a serious challenge to transnational control over the economy. How can we ensure that, above all, union investment companies proceed onto a socialist path?

### Trends so far

The trends in union investment company practice point to a path away from the existing socialist potential espoused by some.

Existing black corporations, including union-based corporations, remain weak relative to the predominantly white-owned conglomerates. Some of the pace-setting black corporations have experienced problems. Their debt structures are fragile. A number of union investment firms have not used the oft-spoken about union pension funds and have instead chosen to borrow money from merchant banks for seed capital, with pension funds serving as collateral. The options for accessing economic power when you start up without hard capital are limited. Firms can either incur huge debt, rely on low-cost and affirmative stakes in privatisation, continue leveraging workers' pensions, find low interest financing through security from mainstream capital, or find overseas godfathers. The few skills-based black firms who want to break into bigger games are blocked by lack of contacts and difficult financing conditions. This renders the possibility for a serious onslaught on the white conglomerate control over the economy, somewhat limited.

Black empowerment firms have also experienced crises and power struggles that make their effectiveness even more questionable. The recent debacle over the resignation of Nail executives and the Midi Television executives are examples. Union investment companies are tied to these firms through complex shareholding structures.

Many new union investment companies have invested in mixed portfolios with a strong leaning towards the growing service sector such as financial services, information technology and telecommunications. These sectors are neither labour absorbing nor labour intensive. Investment in these firms is mainly based on speculation that these are growth sectors with growing share prices.

Some union investment firms are also

involved in businesses aligned to their own respective sectors. For example, POPCRU's investment company is involved in 'outsourcable police services' which includes police garages, and logistics that fall outside of the 'core policing business of crime-busting'. Similarly, the Mineworkers Investment Company has a stake in Mathomo which is a chain of retail stores for mineworkers and has its own clothing brands and supplies boots, hard hats and overalls to the mining companies themselves. Involvement in such activities runs the risk of buying into the forms of privatisation which run contrary to union policy.

Because many of them are not publicly listed companies, it is hard to gauge their financial performance. Corporate governance issues such as accountability and transparency have become increasingly controversial. Some union-linked investment firms have reportedly proceeded with an aggressive style, without paying heed to a progressive corporate governance model. Union investment company information remains shrouded in secrecy. Our knowledge of union investment companies is dependent on media coverage.

Companies and merchant banks are offering unions rewarding deals in return for their participation. This already lays the basis for unions to compete with one another and to be played off against one another.

These trends make one wonder whether we are fooling ourselves into believing that union-based firms can still give capitalism a kinder face. We are either being very naïve or we are accepting the well-known saying that the road to hell is paved with good intentions. Perhaps there is merit in taking Dr Nthato Mthlana's words at face value when he said:



*The MDA has created jobs.*

'Whoever says he is going into business to enrich the people out there is either a liar or a fool.'

There are no guarantees that the socially desirable intentions of union investment firms will be maintained. A prominent director aptly stated that such vehicles are never pure, never clean. There is abundant awareness of this in union ranks. For these reasons, it remains very important that we clarify the vision and long-term objectives for union investment companies. It is also important to clarify how this is to be achieved. The absence of clear policy will unquestionably lead to more serious development of the above problems.

### **Effective code of conduct**

A recent COSATU CC made some headway in mapping out what needs to be done. COSATU is proposing a trade union investment council at federation level to

put mechanisms in place to form a conglomerate of union investment companies. COSATU further argues that all union investment policies should be aligned with union policies. The proposed guidelines for union investment companies include.

#### ***Worker control and accountability***

Restating fundamental union principles on worker control and accountability in relation to union investment companies has proven to be crucial. This will have to include guidelines on union representatives serving on company boards.

#### ***Socially valuable investment***

This is an attempt to encourage union investment companies to invest in companies that meet certain social criteria. Here, the Social Responsibility Criteria of the Community Growth Fund offer useful guidelines. These criteria

measure companies on a score card based on extensive questioning of senior managers of firms. Criteria include:

- Job creation through innovation and expansion plans - companies should be engaged in productive investment through innovating and expanding for growth.
- Training of workers to enhance skills - company training programmes and grading systems need to provide clear career paths for all employees.
- Economic and social empowerment - there should be clear evidence of high levels of worker empowerment involving training, affirmative, health and safety and advanced union rights.
- Equity through affirmative action in the workplace - firms should have carefully planned and meaningful affirmative action programmes
- Good conditions of employment including good wages, benefits and hours of work
- Sound environmental practices and high health and safety standards.

### Transparency

The recommendations of the King Committee's Code of Corporate Practices are useful here. They promote open, effective information sharing (including full disclosure of directors' pay) and the appointment of independent remuneration and audit committees. This is also a criterion of the Community Growth Fund.

The Mineworkers Investment Company has a 'transformation policy' which outlines guidelines regarding outsourcing to small businesses, gender and employment equity.

### What now?

Clearly much work needs to be done to establish a proposed code of conduct. A

number of issues need to be considered in addition to those already mentioned. This includes policy on cross-directorships (ie cases where individuals serve on more than one board of directors).

Consideration should also be given to the unions' existing policies on investment such as an investment code for multinationals and foreign firms.

COSATU's proposed code of conduct and investment council mark a major step in the right direction. However, a code of conduct can potentially serve as a superficial policy instrument unless it is enforceable. This means that it will have to include punitive measures if the code is broken. It should offer clear guidelines on what to do in cases where conflict of interest arises. And finally, making it work requires not only much needed human resource and financial capacity, but also a political will.

Arguably, more is needed than a code of conduct. A political strategy which clarifies the long-term vision and especially the 'how to get there' aspects remain essential.

'Despite numerous debates and discussions within union ranks, the alarming growth of union investment initiatives continues without a clear political strategy and policy guidelines.'

Union investment company information remains shrouded in secrecy. ★

### References

- Meintjies, F* 'Missing bits in the empowerment machine', *Sunday Times*, 6/6/99
- Dexter, P* 'Union investment. Towards a political strategy', in *SA Labour Bulletin*, vol 21 no 5, October 1997
- Copelyn, J* 'Seizing the moment. Union investment companies', in *SA Labour Bulletin*, vol 21 no 2, April 1997.
- Vlok, E* 'Employment and empowerment', in *SA Labour Bulletin*, vol 23 no 3, June 1999
- Wutula, P* 'NUMSA plans venture into financial services', in *Business Day*, 30/11/98.

# GEAR blues on the morning after

A few months ago, practically everyone agreed that the world economy stood on the brink of its gravest crisis since the 1930s. Indeed, so real was this prospect, that a serious questioning of the economic wisdom of our time - neo-liberalism - began to be heard in the corridors of the very institutions that had been at the forefront of promoting and imposing this path. Leading figures in the World Bank and allied think tanks began to question the wisdom of leaving all to the markets.

At that time, without blushing one bit, the South African government boasted that South Africa had been sheltered from the global economic storms by precisely the policies that were increasingly being blamed for the world crisis. The Department of Finance boasted that its own home grown neo-liberalism, GEAR, gave the South African economy a strong foundation and this made it possible to continue on the road to growth, increased employment and redistribution. Now, the South African government's stand would seem to be justified. After all, the prophecies of doom current a few months ago, have given way to the popping of champagne corks and celebration as the US (and following it the other) stock markets have climbed to new heights.

Meanwhile, the South African elections have come and gone. In the run up to the elections, GEAR disappeared from the

*Oupa Lebulere catalogues GEAR's failures and argues that neo-liberal policies exist to protect and increase the wealth of the financiers.*

landscape of political debate. The ANC's manifesto did not mention it, and COSATU began speaking of a post-GEAR consensus. The elections were barely over when COSATU and the working class got a rude awakening. GEAR reappeared. More importantly, the working class got its thanks for delivering a huge ANC victory by a new round of massive retrenchments, health systems on the verge of collapse, and deadlock in public sector wage talks. Now, even COSATU has apparently reversed its pre-election silence on GEAR and has blamed it for the current jobs crisis.

When government launched GEAR in 1996, it promised accelerated economic growth, growing employment, and redistribution of wealth. Three years on, the promises continue to recede into the distant future, and instead we have a recession. We have sharp falls in employment and increasing concentration of wealth. This has not, however, changed the hearts of our modern day Pharaohs - not the floods, not the locusts, not rivers

of blood, and not even the death of the infants of the land have convinced government that GEAR means catastrophe for the working people in this country.

GEAR's failures over the last three years in South Africa, and neo-liberalism's failure over the last 25 years in many parts of the world, are not accidental. They will not be reversed by more belief in the gospel. The failures are a result of neo-liberalism's primary goal: redistributing wealth from the poor to the rich.

### A catalogue of failures

Nowadays, only the very brave or the very foolish dare put forward targets for Gear. Three years ago, however, the ANC-led government believed in GEAR so strongly that it set targets. Three years on, GEAR has been an unmitigated failure:

- Against GEAR's economic growth forecast of 6% per annum in the year 2000, growth has fallen steadily since 1996 and we have seen negative growth in the last quarters of 1998.
- Against predictions of manufacturing growth, by 1998 we had a manufacturing decline of 1,7%.
- GEAR forecast job creation to rise steadily until about 400 000 jobs per year are created by the year 2000. Against this, there has been massive job loss. Employment decreased 0,7% in 1996 and 1,7% in 1997. In 1998 the bloodletting continued, and as I write (1999) massive retrenchments in mining, telecommunications and other sectors are looming.
- GEAR promised increased private sector investment. The reality is that private sector investment fell from 6,1% in 1996 to 3,1% in 1997 and then to negative territory (-0,7%) in 1998.
- GEAR was meant to facilitate the rise of Foreign Direct Investment (FDI). While FDI grew to \$1,7-billion in 1997, there

was disinvestment out of South Africa of \$2,3-billion in 1997.

- GEAR promised that a smaller and smaller proportion of the national budget would go toward servicing debt. This proportion actually rose from 17,1% in 1997 to 18,1% in 1998. The ratio of gross domestic savings to GDP fell from 16,9% in 1994-1995 to 15,2% in 1997 and 14,2% in 1998.
- Export-led growth has also failed. The current account deficit relative to GDP deteriorated from 1,3% in 1996 to 2,1% in 1998.

In general, GEAR's first three years have been disastrous. High interest rates (which according to GEAR are to fight inflation) have in reality fought against employment creation and have led to the highest levels of bankruptcies in a very long time. South Africa is facing levels of social disintegration that no social safety net will be able to deal with.

Are these results accidental? Are they of a temporary nature? Should we endure seven painful lean years in anticipation of seven years of abundance? Evidence from more than two decades of neo-liberalism shows that if the working class and its allies are unable to force government to change course, the pain will become permanent.

### The financiers' programme

Neo-liberalism, as a serious economic programme for various governments, emerged out of the global economic crisis that broke out in the early 1970s. The 1970s crisis was a crisis of profitability for the various capitalist classes.

Capitalists in many parts of the world experienced sharp declines in profits. It took about ten years for the international capitalist class to realise they needed a serious change in economic orientation to restore their profitability levels. The crisis





*Wealth has been redistributed from the poor to the rich.*

continued to deepen throughout the 1970s, as overproduction of commodities continued to lead to profit losses. In response, capitalists took larger amounts of capital away from productive investment. Instead, they made profits by selling currencies and shares in financial markets, and by earning interest from their large cash reserves in banks. This is called speculative investment.

This growing importance of money capital was evidenced by the growth of powerful new financial institutions – the so-called finance houses in the USA. By the early 1980s, these institutions had become more powerful than some of the largest banks in the world. The dominance of this class of financiers over the other sections of the capitalist class, government and society, took a major step forward when, especially from the 1970s onwards, company and state debt (or credit) was increasingly securitised. (Securitisation is a process whereby credit to companies or governments is made in a form in which it can be bought or sold. The major forms of

securitisation are shares, corporate bonds and government bonds.) With securitisation, the producer capitalists and governments could be instantly punished when the money traders decide to sell their shares or bonds.

But money does not produce wealth and growth, it is a consequence of wealth creation. This is because at any point in time the amount of money in circulation in a country must reflect the commodities in circulation. If there is more money than commodities, the value of money falls – what is called inflation. When financiers, therefore, 'earn' more money from financial speculation, they are merely taking a portion of the wealth – now reflected in money – already in circulation.

Money capitalists are therefore a parasitic class that feeds on both capitalists and other classes in society which create wealth. As a result, neo-liberalism's central principle is the transfer of wealth from producers, the working class, small business people, the poor in

general and even other capitalists, to the financier class. This transfer of wealth from the poor to the rich constitutes the basic programme of GEAR and all other neo-liberal policies.

What have been the policy instruments and programmes that have governments promoting neo-liberalism to facilitate this transfer of wealth from the poor to the rich, from the producers to the parasitic financiers?

### *The market above all else*

Since the end of World War 2, the state has acted as an important player in the economy. In particular, the state acted as an instrument of redistribution of wealth via progressive taxation, social services expenditure and developing an extensive social welfare net.

In South Africa this redistributive role of the state only benefited the white sections of the population. Nevertheless, for close to 30 years, the social democratic framework saw the state's role as intervening in the economy and, among other aims, facilitating the redistribution of wealth from the rich to the poor.

Policies like GEAR have therefore sought to change the state's role from distributing wealth from the rich to the poor, to that of moving wealth from the poor to the rich. (Productive capitalists, who are also negatively affected by neo-liberalism, respond to this pressure by squeezing the workers even more.) The main method of effecting this transfer has been to promote the idea and practice that the 'free market' should allocate economic resources, opportunities and determine economic outcomes. In this way, the positions of the already powerful in the market are reinforced, and the weak are further weakened.

Government transformed taxation policies from progressive to regressive,

and argued that its participation in the economy would 'crowd out' the private sector.

There is, however, a role for the state in the neo-liberal model. That role is to break the power of the dominated classes by promoting 'law and order' and 'zero tolerance' against any challenge to bourgeois power in general, and to the financier fraction in particular.

Government promotes and enforces 'stable labour relations' and 'industrial peace'. These are reinforced by structural unemployment and the constant threat of unemployment to the working class. Another important role for the state is to facilitate its own weakening and promote domination of the 'market', by which we should read the domination of the financiers.

Once the state has been weakened (by its own actions) and the market dominates, the market in turn acts as policeman against any possible resurgence of redistributive tendencies in the state. Markets punish the state if there is any hint that the state might undertake policies that favour the dominated classes.

This punishment is dispensed through capital flight and higher interest rates on government debt. 'Fiscal discipline' is meant to keep the state from threatening the interests of the financier class.

### *Liberalisation of financial markets*

An important weapon of neo-liberalism is the deregulation or 'liberalisation' of financial markets. This freeing of the movement of capital across borders and across industries:

- allows the new financier class the freedom not to commit itself to long-term investments that might stand in the way of sucking wealth quickly from where it is being generated;
- liberates capital from any social commitment;

- allows financiers to discipline governments not following their dictates

## Flexibility

GEAR recognises that wages constitute an important redistributive tool. Through the struggles for higher wages, the working class ensures that it also gets a significant, though not the major, share of the wealth it creates. GEAR discourages higher wages, and 'allows' higher wages as long as they do not threaten the accumulation of wealth in the hands of the rich. As GEAR puts it, wage increases must not be higher than increases in productivity. read this to say wages may rise, as long as the rate of increase of wages is always lower than the rate at which wealth is created. This ensures that the financier class, which dominates the producer capitalists, will continue to get the lion's share of society's wealth. The result of this has been the growth of the working poor - workers who are sinking into poverty even though they are in employment.

'Labour flexibility' has promoted the long-term downward trend in wages. In practice, this flexibility has meant casualisation, subcontracting, retrenchments and other unacceptable forms of employment. In his first state of the nation address, President Mbeki was concerned about the financiers' 'perceptions' that the labour market is inflexible. The financiers are demanding



*GEAR means catastrophe for people in this country.*

another pound of workers' flesh, and Mbeki is offering this flesh as a sacrifice to appease these gods. The Minister of Labour's new 15-point plan promises to give attention to 'certain concerns which may be perceived to be obstacles to employment creation or the promotion of investment'.

### *'Inflation - our gravest enemy'*

Neo-liberalism's spin doctors have created the myth that the public's prime enemy is inflation. While inflation is no friend of the poor, what these 'friends' of the people conveniently hide is that inflation is particularly bad for the financier class who holds its wealth in the form of money. For as inflation increases, their wealth is devalued.



*GEAR has not met its promises.*

Neo-liberal programmes' solution to inflation is high interest rates. This kills two birds with one stone. On the one hand, high interest rates protect the financier class's money from devaluing. On the other hand, high interest rates accelerate the transfer of wealth from those who produce wealth to the parasitic financiers.

#### *Tariff reduction and competitiveness*

The mantra of neo-liberalism is: open your country's economy and be competitive. For the neo-liberal this is meant to facilitate the rape of the weak by the strong. When weaker economies are integrated into the 'global economy' through tariff reduction, their entire industrial base (the basis on which they could if at all possible be competitive) is destroyed.

As for competitiveness, neo-liberals know that competition breeds monopoly. Like any competitive game, the game of international competitiveness produces winners and losers. Like any game, the

strong are always the winners. Notwithstanding the good intentions that might accompany the launch of the Competition Commission in South Africa, the forces of the capitalist market are much more powerful than any Competition Commission.

#### **GEAR creates poverty**

Many critics correctly argue that GEAR has failed to tackle poverty in South Africa and elsewhere. This is part of the truth. The other part of the truth is that GEAR not only fails to eradicate poverty, but GEAR creates poverty. The increasing poverty that we see in South Africa today forms part of the global acceleration of poverty that is the unmistakable signature of neo-liberalism. In South Africa today, 20% of the richest households earn 52% of national income, and 40% of the poorest households earn just 11% of national income. These numbers make clear the meaning of GEAR's redistribution: it is the redistribution of wealth from the poor to the rich.

GEAR has very little to do with growth, employment and redistribution as its public relations men (and woman) would have us believe. GEAR is an attempt, quite a successful one we have to admit, to restructure social relations in a way which:

- reinforces the power of the financier class;
- made it possible for this financier class to suck wealth from the poor into its pockets.

GEAR is an instrument to concentrate wealth, as the sharp rise in mergers and acquisitions in the last few years also testifies. Shocking as it might seem, the ANC government has become the instrument that brings such a restructuring into being. ★

---

*Oupa Lebulere is a college co-ordinator at Khanya College.*

# Listening and learning

## *a pathbreaking agreement*

**T**his is a huge step forward. It is the first engineering agreement to come out on time. There was a real will to change between parties. And the most important thing was that the agreement built a relationship rather than destroying the relationship as in the past.' In these words Ketan Lakhani, an independent facilitator, summed up the latest agreement covering the engineering industry.

For once there is agreement on this statement – both employers, represented by SEIFSA, and the majority union NUMSA (with 170 000 members), seem pleased with the agreement. And it is an important agreement to feel pleased about because it affects 250 000 workers' lives, and covers 9 000 companies.

But why is this agreement different from others?

### **Past negotiations**

Alistair Smith, a former NUMSA organiser, commented on negotiations in the late 1980s: 'Negotiators have this preliminary meeting with all the unions present, and we motivate our proposal – this goes on for weeks. And the serious bargaining only takes place towards the end of June, and the agreement is about to expire – now people start getting serious!'

Negotiations dragged through eight to ten rounds from March to September, and NUMSA knew that if employers said 'this is

---

*Kally Forrest shows how a new approach to bargaining has resulted in the 1999 engineering agreement being concluded quickly and addressing parties' concerns.*

---

our final offer' there were three more stages to go. If there was a dispute, SEIFSA did nothing to speed up their internal meeting process.

This pattern dragged on into the 1990s. Year after year, unions and employers negotiated through a veil of mistrust, disputes, and at times, strikes, which did nothing to develop the industry.

Parties signed the agreement in September after endless rounds of negotiations, then it took another couple of months for the minister to gazette it. It was difficult to deal with worker grievances in this time because there was no legal agreement. At last, by December, as workers left for the December break, the agreement was in place. Wages were backdated to July, when the last agreement expired, but employers often did not implement agreements on conditions like leave pay and bonuses.

By January of the following year, employers started to implement the

agreement. But, by this time, the next round of negotiations, in March, were already peeping over the horizon.

The 1999 agreement brings this clumsy process of negotiations to an end.

### Restructuring bargaining

Earlier this year, union and SEIFSA leaders met to re-model the industry's bargaining process, and to look at problems, trends and challenges in the industry. Both parties agreed that Lakhani should facilitate pre-bargaining meetings and negotiations.

Pre-bargaining discussions led to meetings with economists and other specialists to reach common understanding on the state of the industry. NUMSA had often brought in specialists for information on the state of the economy. But, for the first time, employers also attended these discussions.

Pre-bargaining meetings led to some useful agreements. Firstly, that the agreement should run for two years, to give time to properly implement its contents, and deal with other urgent issues in the industry.

At these meetings labour showed a great commitment to dealing with negotiations differently. Unions agreed to focus on four core issues.

- developing a wage model;
- reducing working hours;
- creating employment in the industry;
- aligning the agreement with the recently passed BCEA.

The BCEA, for example, gives the overtime rate at time and a half, whereas the engineering agreement still held to time and a third.

This limited number of demands was a big shift for NUMSA. In the past the union presented a long 'shopping list' of demands with big and small issues like wages, tool allowances, training, and overtime rates nudging each other on the

same list. This meant that negotiations got sidetracked, with unions and employers endlessly moving back and forth to get mandates, causing huge delays.

There was also a decision to restructure the Metal and Engineering Industries Bargaining Council, and to give it more powers. All parties agreed that the council's executive committee will now deal with details arising out of negotiations that need further discussion and research.

This pre-bargaining process had astonishing results. The parties set two days for negotiations. The first in April to table demands, and the second in May to complete negotiations. The gap between negotiations gave parties time to consult with membership. For the first time in NUMSA/SEIFSA negotiations, this target was reached. And for the first time since the early 1970s, all parties signed the main agreement before the previous agreement expired.

Elias Monage, NUMSA's sector co-ordinator for engineering, commented 'Some of the shopstewards are still locked into the old system of many meetings... so to some of them this came as a shock. They couldn't believe it.'

But what was agreed in these negotiations?

### Wages

All parties agreed to develop a wage model. This meant agreeing on principles rather than fighting over the details of percentage increases. They agreed to sign a two-year agreement on wages without returning to negotiate increases in the second year. Employers also agreed to link wages to the Consumer Price Index (CPI) and not to worker performance.

The final agreement was a CPI increase plus a 2% improvement factor for the bottom grades. But employers were

worried that if inflation went above 10% they may not be able to foot the bill. Unions were also worried that if the CPI went below 5% workers would lose out. Employers therefore agreed to guarantee a 5% increase if inflation fell below 5% as this would mean, anyway, that the economy was in a good way. And unions agreed to re-open negotiations in the second year if the CPI went above 10%.

From the early 1990s, NUMSA had a policy of closing the apartheid wage gap by decreasing the gap between the highest and lowest paid workers. In line with this demand all parties agreed on differential, rather than across the board, increases on the hourly rate. The bottom grades got higher increases than higher grades - between 7,5% increases for skilled workers and 8,75% for unskilled workers. Both parties agreed to find ways of further reducing the wage gap, and tasked the council to look at ways of doing this.

#### 40-hour victory

Unions won a quiet victory around the reduction of working hours. NUMSA had put the demand for a 40-hour week at every round of negotiations since the early 1980s. They argued that workers needed proper rest and time to be with friends, family, and do other activities.

Now with the backing of the new BCEA, which states that employers must work towards a 40-hour week, NUMSA made real progress. Workers also made it clear that this was an issue they would take action on, as Monage puts it 'they are



*Elias Monage - a skilled negotiator.*

not willing to go into the new millennium carrying outstanding issues'.

In 1996, NUMSA won a reduction in working hours from 45 to 44 - with an hours loss of pay. Now, after long and strong debate, with employers arguing for a reduction over eight years, there was agreement to phase in a 40-hour week over four years. Employers agreed to drop one hour every year starting with the current year. By the year 2002 the industry will have a 40-hour week.

Much debate centred around whether a drop in hours meant loss of pay. In the end, employers agreed to pay for half the cost of the lost hours - they agreed to pay for 30 minutes of the hour dropped in each year.

And so a 20-year struggle for a 40-hour week came to an end.

### Flexible working time

Employers argued that flexibility around working hours was important because of the nature of the industry. At times a contract involves large workloads and to deliver, workers need to put in more than a 40-hour week. At other times employers are forced to lay off workers, or put them on short time, when there is little work. To deal with this problem the idea of annualisation was put forward.

Annualisation involves averaging out work hours over a year. This means that workers have to put in a certain amount of hours over the year, and the company pays their salaries according to this calculation. This is a big change from the normal weekly calculation.

Annualisation is hotly debated in NUMSA because it has benefits for employers but it is not always clear that it benefits workers. For employers it means that they do not have to pay overtime if there is a lot of work because workers will put in the hours now, and will do fewer hours later when things are slack.

On the positive side for workers, annualisation means a steady income all year. This makes it possible for workers to pay out regular costs like school fees, rent, etc. On the negative side, workers do not get the extra income from overtime. There is also the danger that at the end of the year workers will find they have not done the hours set out at the beginning of the year. Workers will then have to take a lower salary, or lose annual leave, or their bonus.

For these reasons, the agreement states that changes in work hours is voluntary and must be negotiated with workers at plant level and put in writing.

Some unionists fear that employers may impose flexible hours by saying 'It's in the

agreement'. Workers who are not familiar with the agreement may find they are working long, unsocial hours with no extra benefits. There is also lack of clarity around how to deal with overtime pay. If workers 'bank' extra hours they have worked, will they get paid overtime rates, or will it be in the form of leave? And what if the company goes into liquidation, will they lose out on payment for extra hours worked?

### Mega policy forum

The shadow of retrenchment tracks every metal worker. Since 1987, the engineering industry has shed over 400 000 jobs. For years NUMSA has battled to save jobs, and in recent times the union tried to engage employers in discussion around job loss, and the future of the industry.

For the first time in these negotiations, employers showed a seriousness about discussing these issues. They agreed to an industry policy forum where all sectors of the industry come together - engineering, auto and motor sectors. The idea is to jointly agree on a clear programme in a 'mega bargaining council'.

The council will have two chambers. The first will discuss industry policy issues like tariff reduction, customs and excise, and manufacturing strategies. The second chamber will discuss collective bargaining.

Parties also agreed to create an Engineering Work Security Fund (one already exists in the auto sector). The idea is for employers to contribute a certain amount of money for every worker so that in the case of retrenchment there is money to retrain workers. The council will work out the details of this fund.

### Implementing the agreement

A former NUMSA organiser, Chris Lloyd, talking about the 1996 agreement complained that: 'There hasn't been one



proper seminar, no attempt to target companies, no attempt to explain the agreement. You never have success in the negotiating of an agreement. It's the implementation of the agreement that's critical ...'

NUMSA came to the 1999 negotiations knowing this lack of success in implementing past agreements. So there was detailed discussion on implementation and some big changes emerged.

Firstly, all parties agreed that past agreements were unreadable. They were too complicated, technical and legalistic, and people admitted they mainly worked off the executive summary. For low literate workers, and for 70% of employers with small businesses, past agreements meant nothing. The idea is to now write the agreement in plain language, without legal addendums, and to make it shorter and user-friendly.

Parties agreed on a joint road show, with schedules to educate in each region. In the past each party went their separate way to explain the agreement. Now unions, employers, and council officials will travel together to educate and explain the agreement to joint forums of shopstewards and employers. This means that everyone will hear the same version of the agreement.

All employers will get pamphlets explaining the agreement. And the agreement states clearly that shopstewards must get time off to educate on the agreement, so there is pressure on employers to see this happens.

There are also resources to educate council officials to deal with the restructuring of the council. For council employees this means a shift from policing employers, to becoming facilitators. Bargaining council regional managers have already undergone training on new ways of managing the council.



*The 40-hour week has been won.*

The fact that implementation is already happening, gives hope that this time round thousands of workers and employers will come to understand the agreement. The two-year period also gives more time to run education programmes without the distraction of further negotiations.

### **Why was it possible?**

Part of the reason is the changed political climate. It has taken a few years for old adversarial patterns of bargaining to die back and for new post-apartheid relationships to develop. But a big factor was the decision to use a facilitator. Lakhani paid attention to building trust between parties by insisting that there was information sharing. Lakhani comments on his role: 'I helped prevent positional bargaining and kept the focus on the future relationship. I also demanded that they show leadership in



*All negotiators will report back to their constituencies in joint sessions.*

order to put an end to an endless return for new mandates.'

Lakhani also commented on the maturity of the union leadership, citing Monage's noteworthy negotiating skills. Employers too were more open to a different style of negotiations, partly because as Lakhani puts it 'they are feeling the pain' of an industry in distress.

Monage feels the improved relationship between unions also played an important part. For the first time unions consulted closely, and presented a united front because as Monage puts it "The other eight unions are not significant but they can still mess you up in negotiations. And the employers could not play off one union against the other.'

### **Conclusion**

Monage is pleased that the agreement focuses on wage and non-wage issues because, as he says: "Workers don't only join unions for wages. For instance, on retirement, people should feel proud and say "I was a member of that union and

they've done ABCD for me" and even during retirement they are benefiting from what was bargained. Non-wage issues are usually the first to be compromised, so the key question is how do you package and focus on all those issues. And we managed to do this, to keep the focus on the four major core areas.'

All parties see the agreement as path-breaking but nobody claims that it solves all problems. Monage feels that the agreement builds on the union's past mistakes. 'Each settlement is different from the one we reached before. We learn from the mistakes, and correct those mistakes, and then the following year there is a better agreement.'

People are approaching the agreement with a spirit of openness and experimentation. In Lakhani's words, 'There is no precedent for what we have done in this agreement. So we will just see how it unfolds and evaluate.' ★

---

*Kally Forrest is the director of Umanyano Media Services and a former TGWU media officer.*

# How the West was won

The election campaign in the Western Cape raises a number of issues: both in relation to the role of the Tripartite alliance as an opposition until the next general elections, as well as an analysis of the different contributions made by the key organisations of the alliance in the election victory of the ANC.

COSATU identified the 1999 general elections as a political event that would play a key role in building a popular movement for transformation, by ensuring that our people realised and understood

- what transformation the ANC achieved,
- how these social advances contributed to improving people's lives

COSATU's key strategic objective was to ensure that people took an informed choice regarding which party they would support in the 1999 elections. Our assessment was that in 1994, people voted for the National Party (NP) as a result of their ignorance – not understanding the RDP. This ignorance had been fertile ground for the NP's racist campaign

There were various legs to COSATU Western Cape's campaign around the elections

## *Dream team*

About 500 shopstewards and officials made up COSATU's canvassing team (broadly referred to as the 'dream team')

*Tony Ebreinreich outlines what COSATU Western Cape did to secure a victory for the ANC in the province and points to the challenge ahead.*

---

They had time-off from their workplaces and canvassed support for the ANC in the different communities during the day. They were essentially the only people doing daily political work within the various communities. They worked to ensure that people:

- voted on June 2nd,
- understood the key areas of transformation,
- understood the political questions that confronted black working class communities

## *Union programme of action*

All of the affiliates within COSATU ran their own campaigns. Activities ranged from dedicated constitutional and mobilising meetings, to bringing out newsletters covering key issues, and calling on their members to vote ANC. Affiliates further contributed by arranging time-off requests and other logistics. Their specific programmes closely linked up to the programme of the federation and the alliance.

The fact that coloured working class women had clearly changed their political views from one that was hostile to the ANC to one that said they would engage and understand the key issues confronting their communities, demonstrated SACTWU's good work in this area

#### *Regional election teams*

The alliance set up regional election teams which co-ordinated the elections in the different branches. Key COSATU leaders made dedicated contributions to these regional election teams and played a role in their effectiveness. The biggest stumbling block in this area was the weak state of ANC branches throughout the region

#### *COSATU factory meetings*

COSATU convened meetings at the 300 most strategic companies across all affiliates (in addition to the factory meetings held by shopstewards)

Alliance leaders addressed these meetings and played a crucial role in persuading COSATU members of the correctness of voting for the ANC. They also explained the necessity for each member to mobilise his or her community to vote for the ANC.

#### *COSATU special events*

COSATU organised a number of special events directed at building capacity amongst shopstewards and worker leaders so that they could mobilise for the ANC victory in their work places.

Over 6 500 shopstewards were workshopped on the key issues, provided with speakers' notes on these issues and instructed to have general meetings at their work places on these issues.

Close to 6 000 factory meetings were held where our members engaged on the issues and were empowered to take the

issues back into their families and communities. This made each COSATU member an activist.

Special events included:

- Labour market training* – on how the ANC has contributed to labour market reform and opposition parties' rejection of this reform.
- Election manifesto* – on the content of the elections manifesto.
- Gender focus* – COSATU trained key women leaders on areas of reform that affect women (for example, reproductive rights, maintenance laws etc) and the ANC's efforts to advance women in society.
- May Day* – an event was held with the ANC in Mitchells Plain.
- Children's Day* – 1 500 children attended the event to learn about the rights they have secured under the ANC government. We also encouraged them to encourage their parents to vote ANC as the party that secured their rights.
- Joint Shopstewards Council* – This event was the last big mobilisation event for the ANC to ensure that workers voted. We also distributed the last COSATU media.

From the above it should be clear that a lot of work went into preparing people as canvassers in workplaces and communities. This was part of COSATU's strategy to ensure that people, this time around, made an informed decision regarding the party they would vote for.

#### *Project Rural Blitz*

Whilst COSATU members linked up with the ANC in the rural areas, we could not quantify their efforts in all areas. Reports indicate that our shopstewards and structures did good work. The common complaint was that there is a need to assist the ANC to build organisation.

Project Rural Blitz aimed at reaching



*COSATU encouraged people to vote ANC.*

key rural areas and farms that were not catered for under the rural programmes. Comrades spent five days in the field covering virtually the whole of the Western Cape. They were joined on the second last day by a comrade from the USA, and on the last day by a comrade from the UK.

### Support

The campaign was supported by:

- administrators from COSATU and affiliates;
- the gender committee;
- affiliate national office bearers;
- COSATU provincial office bearers.

### Media strategy

COSATU put an elaborate media strategy in place. It sent out different media to workplaces on a weekly basis for the last

two months before the elections. This media ranged from the COSATU booklet of why workers should vote ANC, to ANC media on provincial and national issues, to COSATU provincial media.

### Assessment

COSATU has shown that even with all its difficulties, it can run campaigns that make substantial contributions towards achieving its objectives. COSATU was condemned for losing the 1994 elections. By the same token, COSATU should be recognised for having made a significant contribution to the ANC victory in 1999 – this recognition, however, was not awarded.

### The ANC

The ANC was organisationally weak when it entered this election campaign. This is

shown by:

- a reduction in its membership from 70 000 in 1994 to just above 20 000 in 1999,
- generally weak branches throughout the province;
- very little political training being done in branches;
- the disjuncture between the ANC inside and outside Parliament.

The ANC made a number of political choices that COSATU had difficulty understanding but this still remained the basis of their campaign:

- *Let sleeping dogs lie* - this excluded people who had not supported the ANC in 1994 from our campaign. This was problematic for two reasons: firstly, we had to broaden the ANC's support to have any chance of having a majority in the province; secondly, the ANC had made a number of political gains in society. We effectively denied ourselves the chance of using these gains to convince non-ANC supporters to change their vote.
- *Nat attack* - this was designed to get prominent members of the NNP to defect to the ANC, in the hope that their members would follow. The election results indicate that members did not follow those leaders who defected. We should encourage people to come over to the ANC, but not necessarily in leadership positions, as they generally do not bring members and it causes dissent within our ranks.

The ANC's provincial leadership and especially its national leadership played a significant role in the ANC's victory in the province. Many of the most senior leaders of the ANC spend a huge amount of time in the province and made a very good impression on those workplaces they addressed.

The COSATU view in relation to our

approach to the elections was that the ANC should campaign in a way that would win us the elections. We did not want the ANC to campaign in a way where we hoped that the NNP would lose the elections.

Notwithstanding the challenges within the ANC, the structures made a profound contribution to the election victory, and very many branches should be commended.

### The way forward

An anti-transformation alliance between the NNP and the DP has undermined our quest (as the biggest party in the province) to lead the coalition government.

We have to accept we will be the official opposition until the next election, or until the present coalition fails to such an extent that it brings about a motion of no-confidence. The view in COSATU is that we should focus on ensuring that our policy prescriptions drive the agenda in the Western Cape government.

We can do this in a number of ways, both parliamentary and extra-parliamentary and through using section 77 of the LRA. We can thus force the present coalition to adopt a transformation agenda. The deciding factor should always be the improvement of the lives of our people and not petty politics with the NP. For this to be successful, the alliance must be strengthened in the province.

Central to this is an acceptance of the fact that the ANC leads an alliance of equal parties. We should, as the alliance, draft a clear political programme to guide us during the next period. Such a programme should be guided by the ANC election manifesto. ★

---

*Tony Ebreneich is the regional secretary for COSATU Western Cape*



# The workplace challenge

## *lessons learned*

**N**edlac initiated the Workplace Challenge Project (WCP) to assist industry in meeting the challenge of a continuously changing environment. The WCP encourages workers and managers to work together to improve the way in which South African industry delivers products and services to the market.

The experiences of pilot companies participating in the WCP provide valuable guidance for companies planning to implement change. Following these guidelines will help companies avoid slipping back into old habits and continuously assess the impact of new processes. This article explains what the pilot companies found to be the most suitable conditions for implementing workplace change, and the most useful tools for steering implementation of workplace change.

### **Conditions for implementation**

#### *Build legitimate structures*

The pilot companies discovered that change is an unsettling process. Building structures that represent stakeholders' interests help companies deal with this.

All people involved in changing the workplace (including shop stewards / worker representatives, human resource managers, supervisors and production managers) should be represented on the structures. Pilot companies found that involving all these groups ensured that

stakeholders found the change process less threatening and implementation was easier, because those implementing the change were already involved.

#### *Create support for champions*

Changing a company requires 'champions' - with a lot of energy and commitment. To create support for 'champions' companies must ensure that

- workers' supervisors are aware of their responsibilities and release them to attend WCP meetings;
- senior management and union officials are continually updated on developments in the project;
- information for implementing the change process is available and easily understandable.

Pilot companies found that if this support was not provided, change was slowed as stakeholders could not always attend meetings and did not have the knowledge required to make effective decisions.

#### *Create visible support*

Senior management and labour representatives must show support for the project to ensure that the commitment to finding methods of improving performance is kept high.

#### *Dealing with history*

Apartheid has severely damaged relationships in factories throughout the

country. These damaged relationships have created the conditions for conflict and mistrust between workers and managers. However, for workplace change to succeed, stakeholders need to be able to work together. Many companies in the WCP have held workshops to discuss and find solutions to these problems.

### *Creating a vision*

Pilot companies developed a vision that steered the implementation of workplace change. They developed this vision in meetings where everyone discussed what they expected from change. Some companies found that creating a vision was made easier if each party prepared a document on what they expected from the WCP.

Pilot companies found that these visions were important in:

- creating security;
- creating enthusiasm,
- providing a 'checklist' to check progress.

## **Implementation tools**

### *Identifying areas for improvement*

The first step in implementing workplace change is identifying areas where the company can improve performance. An effective and easily understandable measurement system assists in identifying areas to be improved.

Whilst consultants are important in identifying areas for change, the WCP experience has shown that workers and managers also have knowledge about the areas in which improvement is necessary. Gathering this information will enable the company to decide which consultant could best meet its needs.

Consultants will then work quicker and more efficiently, thereby saving the company money.

### *Consultants*

When using consultants in workplace change, the WCP experience has shown that companies should:

- ensure all stakeholders approve the consultant;
- give consultants information on possible change areas;
- brief consultants on areas that one or other party may object to;
- keep brief, but regular contact with consultants to get assistance as problems arise.

### *Keeping the process moving*

The WCP has revealed a number of mechanisms that assist in keeping workplace change processes moving.

Meetings must be regular and result in action. Pilot companies found that the best way of ensuring meetings deliver action is to:

- take minutes of decisions reached;
- assign responsibility for implementing decisions;
- set deadlines for implementation;
- agree on the minutes and responsibilities before leaving the meeting;
- follow-up on implementation.

Problems will arise that slow the implementation of workplace change. Here companies should:

- acknowledge that a conflict exists;
- identify the issues involved;
- establish a working group to deal with the problem, whilst change goes ahead;
- set a timetable for resolving the dispute;
- have regular report-backs.

WCP companies implemented measures that calculated change. These measures were linked to areas that companies wished to change. This meant that companies were continually assessing the success of the WCP process.

*A more comprehensive document is available at Nedlac. Contact 482-2511.*





# Polluters should pay

**S**ilica dust is generated during the breaking up of rock in gold mining. Inhaling silica dust puts gold miners at risk of developing a lung disease called silicosis. Silicosis is one of a family of dust diseases known as the pneumoconioses. In 1996, a random sample of ex-mineworkers in Labode district, Eastern Cape Province, underwent an occupational health medical examination. Compensation claims were submitted and followed up. Many of the Labode ex-mineworkers were found to be eligible for silicosis compensation but few had been previously compensated.

The failure to identify and compensate ex-mineworkers with occupational lung disease has had negative results for miners, their families and their communities. The costs of caring for and supporting ex-mineworkers with occupational diseases has fallen on cash-strapped state health services and impoverished rural labour-sending communities.

Many of those with occupational lung disease are too ill to work. As a result, they are dependent on their families at a time in their lives when they might otherwise be breadwinners. There is a well-established ecological principle that the polluter should pay for the pollution caused. Mining employers comply with this principle in matters of environmental pollution (such as pollution of rivers)

*Anna Trapido and Richard Goode argue that the mine dust levy for lung disease should be increased in order to cover the unpaid liability owing to ex-mineworkers.*

Mining employers do not adequately comply with this principle with regard to lungs polluted by silica dust

## Compensation legislation

The Occupational Diseases in Mines and Works Act (ODMWA) - Act 78 of 1973, amended, Act 205 of 1993 - makes provision for compensation for pneumoconiosis and other permanent diseases of the cardio-respiratory organs (heart and lungs) resulting from mining risk work

- Compensation for lung disease in miners and ex-mineworkers falls under the ODMWA.
- Under the ODMWA a dust levy is raised from mine employers.
- The money from this levy makes up the ODMWA Compensation Fund which is administered by the South African Department of Health

This article focuses on compensation for silicosis because this is the most common occupational lung disease in South Africa. The ODMWA applies to all people who perform or who have performed risk work at a controlled mine (ie those governed in terms of the ODMWA). The majority of mines and works in South Africa are controlled by the ODMWA. All in-service and ex-mineworkers are covered by the ODMWA regardless of citizenship. Not all radiological disease (ie disease you can see on an X-ray) is severe enough to qualify for compensation. Compensation under ODMWA is wage based and also takes the severity of disease into account. Compensation awards under the ODMWA range from R10 000 to R70 000. The ODMWA establishes a Medical Certification Committee, made up of not less than five doctors who are appointed by the Minister of Health (one of whom has been nominated by the employer bodies and one by worker bodies). The director of the Medical Bureau for Occupational Diseases (MBOD) acts as ex-officio chair. The role of the Certification Committee is to determine if any person is suffering from a compensable disease.

Prior to the 1994 amendments, the ODMWA discriminated on a racial basis in terms of health service provision and compensation awards. There are currently very limited occupational health surveillance facilities in the rural mine labour-sending areas where the majority of black ex-mineworkers live.

### Full liability

Between 1973 and 1997, the MBOD certified 37 598 mineworkers as having pneumoconiosis. However, using data obtained from the Libode random sample of ex-mineworkers, we estimate that there are 520 000 cases of compensable pneumoconiosis in living ex-mineworkers. Many more have probably died without being compensated. We estimate that there is R9-billion owing to ex-mineworkers who are alive today. This estimate is based on the following figures:

- we estimate that two million people worked on South African gold mines between 1973 and 1997, of whom 60% are still alive;
- we know that 26% of the Libode random sample were eligible for compensation for pneumoconiosis and only 2,5% had been previously paid in full.

**Table 1: Estimated liability of current unpaid occupational lung disease compensation**

	No of cases	Pn1 (R-m)	Pn2 new (R-m)	Pn2 upgrade (R-m)	Total (R-m)
Not eligible for further compensation	5 789				0
South African cases	198 557	1 814	2 018	2 472	6 304
Foreign cases	85 096	778	865	1 060	2 702
Total		2 592	2 882	3 532	9 006

*Pn1 is compensation for first degree pneumoconiosis, Pn2 new is compensation for second degree pneumoconiosis for men with no previous history of compensation, Pn2 upgrade is compensation for second degree pneumoconiosis for men with a previous history of compensation but who's disease has progressed.*

In Table 1 we use the Libode compensation data as a model, and we show that the estimated liability of unpaid compensation is R9 006-million

### Feasible compensation liability

In order to claim compensation ex-mineworkers must be aware of their rights under the ODMWA. They must also be able to gain access to a medical examination. Given the large number of ex-mineworkers and the poor health facilities in the rural areas in which they live, it is unlikely that all those who are currently living with silicosis will receive this medical examination before they die. Therefore, the R9-billion is theoretical rather than an estimate of the actual amount that could practically be claimed by workers with occupational disease.

Clearly, it is important to assess how

many diseased workers can be reached before they die. In Table 2 we set out a viable schedule for benefit examinations on the surviving workers employed between 1973 and 1997. The model assumes that:

- a substantial proportion of workers will die waiting for a medical benefit examination,
- the MBOD Certification Committee will increase the number of benefit examinations it does by 15% per year until it is able to conduct 50 000 per year

Table 2 shows that the liability relating to claimants who stand a chance of accessing a benefit examination before they die is lower than the full liability presented in Table 1. Table 2 shows that within 11 years, all surviving workers who were employed between 1973 and 1997 can have had one medical examination and

**Table 2: Estimate of time period necessary to provide a benefit examination to all living gold mineworkers employed 1973-97 and actual compensation liability incurred**

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Total pop ex-mw <sup>1</sup>	1200	1068	930	791	632	516	387	272	175	96	37
Death rate ex-mw <sup>2</sup>	10%	11,5%	13,2%	15,2%	17,4%	20,1%	23,1%	26,6%	30,5%	35,1%	40,4%
Ex-mw deaths	120	123	123	120	114	104	89	72	53	34	15
Target pop benefits	1080	945	807	671	538	412	297	200	121	62	22
Benefits on ex-mw <sup>3</sup>	25	29	33	38	44	50	50	50	50	50	50
Benefits ex-gold mw <sup>4</sup>	13	14	17	19	22	25	25	25	25	25	25
Shortfall ex-gold mw	1068	930	791	652	516	387	272	175	96	37	-3
Compensation <sup>5</sup> (R-m)	113 750	130 813	150 434	173 000	193 949	228 792	228 792	228 792	228 792	228 792	228 792

**Assumptions:** (1) 2 million gold mineworkers 1973-1997 60% living; (2) 10% death rate, escalating at 15% per annum; (3) 25 000 benefits per annum on ex-mineworkers; (4) Half of all benefits on ex-workers are on ex-gold workers; (5) 26% eligible for compensation @ R35 000 each

that the actual liability becomes R2,14-billion. All references to rand values in this article are adjusted to remove the effects of inflation. This is useful to compare money over a period of time.

Even though there is a difference between the feasible estimate of ex-mineworkers who can be reached and the full liability, there is still a need to increase the ODMWA dust levy in order to pay the increased claims for compensation.

### Impact on gold mining

There are 47 000 tons of gold still underground in the gold fields of the Witwatersrand. Of this, 20 000 tons are below 4 000 meters and the mining industry cannot extract it using current technology. The amount of gold that can be extracted economically from this resource base depends on the cost of extraction (referred to as working costs), and the gold price.

If working costs or the gold price change, the proportion of the ore body that can be mined economically will change. If working costs rise without a rise in the price of gold, the pay limit (the cut off between economic and uneconomic ore grades) will rise and the proportion of the ore body that can be mined economically will fall.

The average cut off grade (below which it is uneconomic to extract the gold) is determined by the rand gold price per gram and the average working costs per ton of ore milled.

In 1998, the average rand price of gold per gram was R52,29 and the average working cost per ton of ore milled was R236. This gave an average cut off grade of 4,51 grams per ton. This means that the South African gold mining industry had to mine ore of an average grade of at least 4,51 grams per ton to break even with working costs.

### Employers' arguments

Baxter, in a document produced by the Chamber of Mines for the Gold Crisis Committee, discussed the effects of taxes on working costs.<sup>1</sup>

He pointed out that:

- large amounts of gold bearing ore are not being mined because taxes and levies raise the cost of extraction beyond that which is economic;
- therefore any levy, including the ODMWA compensation levy, will have implications for the amount of gold that can be recovered from underground on an economic basis.

Baxter argues that if government were to excuse the gold mining industry from all levies and indirect taxes, working costs could be reduced by 3% and the average pay limit would fall to 4,5 grams per ton. Baxter states that 'mines should be allowed to create wealth in a safe and sustainable manner. The state should not diminish the industry's ability to create wealth by taxing input costs, [but] rather taxation should be derived from profits'.

How will occupational disease compensation impact on the sustainability and profitability of gold mining? The analysis undertaken below will show that the proposed increase in the ODMWA levy will not have a significant effect in terms of raising working costs or cut off grades. Furthermore, the increase in the levy will not significantly reduce the amount of gold that can be economically mined.

In terms of the model set out in Table 2, the ODMWA dust levy will have to rise in order to fund an estimated annual pay-out ceiling of R228-million per annum. Gold mining employers are currently paying R38-million per annum into the ODMWA dust levy. Hence an extra R190-million per annum will be needed in order to pay the increased demand on the fund. This represents a 500% increase in the levy.



*Many people with occupational lung disease are too ill to work.*

To assess the impact of the increase on the economic viability of gold mines, one needs to look at the impact it will have on the economic ore reserves. We need to assess what share of working costs the extra R190-million per annum would represent. In 1998, working costs were R19,5-billion. One hundred and ninety million rand represents an additional 0,97% of the 1998 working costs. This means that the average working costs per ton of ore milled would rise from R236 per ton to R238,29 per ton. This would result in a rise in the pay limit from 4,51 to 4,56 grams of gold per ton.

Will this rise in the cost of gold per ton make a significant impact on the economic viability and longevity of the South African gold mines? Applying this data to the values of the segregated gold ore reserves for the South African gold mines we have made a regression plot. This regression plot estimates the relationship between the grams per ton and the amount of ore containing that concentration of gold. This calculation shows that, were the dust levy to increase, the amount of the ore body above the cut off grade decreases from 58,04% to 57,31%. The higher cut off grade

represents 0,73% of the ore body, or some 198 tons of economically recoverable gold.

## Discussion

It is important to note that the methodology of this article is determined by the available information. In an industrialised country it would not be considered good practice to extrapolate from surveys undertaken in only one district to the whole industry. In South Africa, basic occupational health databases are unavailable and hence the study on which this article is based represents the only South African data available.

We estimate that the dust levy needs to be raised R38-million to R228-million in order to pay for the unpaid compensation liability for those ex-mineworkers that can be reached before they die. The increase in the levy represents an additional 0,97% of the industry's 1998 working costs. This increase in working costs is marginal.

Applying the effects of the higher working costs to gold resource base we find that the pay limit rises from 4,51 to 4,56 grams of gold per ton, or a 0,73% reduction in the size of the ore body that is economically recoverable. Again, we conclude that this is marginal.



*Employers argue against increasing the ODMWA dust levy.*

In the face of the dramatic fall in the price of gold to mid-1999 the financial viability of many gold mines has been weakened resulting in job losses and mine closure. Is it appropriate to argue for any increase in the working costs of gold mines under such circumstances? The ability to pay an increased cost is ultimately a matter of setting priorities and selecting from amongst the competing claims of shareholders, workers, and reinvestment. Should mines be excused from costs pertaining to health and safety and environmental rehabilitation? The modern South African mining industry has made a commitment to meeting environmental and health and safety standards. Occupational lung disease, as a cost of production, and silica as a source of pollution, are liabilities that fall within this commitment. Given this finding, it is reasonable to argue that the ODMWA dust levy should be raised immediately and that provision should be made for the unpaid liability.

### Conclusion

The increase in the levy would be an important step towards internalising

compensation costs (ie making companies pay for the damage they cause). Redressing the unpaid compensation liability would also redistribute income (by legal entitlement) to one of the poorest sectors of the population and this would reduce societal inequalities. ★

### Footnotes

1. Baxter, R. *The impact of taxes on input costs on the economic health of the gold mining industry* Chamber of Mines, 1998.

### Acknowledgements

*The Libode project would not have been possible without the contributions of Professor Tony Davies, Ms Nokuzola Mqoqi, Mr Richmond Zide, Mrs Isabel Nompuku, Professor Brian Williams, Dr Nava, Mr Les Burmeister, Mr Oliver Sokbanyile, Mr Sizo Ngalosbe, Mr Cecil Macbeke, Mrs Yolliswa Mzimba, Mr Elijah Mobsami, the traditional leaders and SANCO structures of Libode and the ex-mineworkers of Libode and their families.*

---

*Anna Trapido is a PhD student at the Department of Community Health, University of the Witwatersrand. Richard Goode is a financial analyst at Boutique, CSIR.*

# Retrenchments' effects

The downsizing of the South African gold mining industry and the on-going retrenchments of thousands of mineworkers has implications for many sectors of South African society. This briefing focuses on the informal settlements scattered throughout mining areas in the Free State that exist primarily to service mineworkers.

Many of these informal settlements are situated in isolated areas on white-owned farms next to mines. Tenants either pay rent directly to the farmer, or to the groups of resident men who administer the settlements.

The Marashea or 'Russians' control a large number of these squatter camps. Farmers allow the Marashea to establish settlements on their land in return for rent and/or a percentage of the proceeds from liquor sales. The Marashea is a predominately Basotho association that has existed in mining areas for more than 50 years.

The Marashea support themselves in a number of ways, including criminal pursuits like extortion, robbery and assassination. They also rely heavily on funds they generate from catering to mineworkers. Residents usually pay rent and pay 'protection' fees to the Marashea. In return the Marashea, who are greatly feared, settle disputes within the community and ensure that visiting mineworkers pay members of the

by Gary Kynoch

---

community for services. Visitors (and residents) who do not obey Marashea regulations are fined, beaten or both.

Squatter camps are characterised by terrible living conditions. Most have no access to clean water, no sanitation facilities, no rubbish disposal and no electricity. The majority of dwellings are shacks constructed of corrugated tin and wood. The camps' geographical isolation, combined with the inhabitants' poverty, means that access to health care is limited and many children do not attend school.

Women tend to outnumber men in the squatter camps in the Free State. Most women are migrants, from Lesotho or the former homelands. Desperate economic (and sometimes social) circumstances in these women's home areas often force them to go to the camps. They travel to these camps and resort to selling sex to mineworkers. Residents, male and female, also support themselves through selling liquor or acting as shacklords by subletting, mainly to unattached women.

These enterprises form the economic backbone of the squatter communities. Ultimately, the residents of the squatter community settlements rely either directly or indirectly on money from the mineworkers.

Life in the settlements is marked by extremely high levels of alcohol abuse and violence. Different Marashea groups sometimes compete for control of the camps. This competition usually results in episodes of violent conflict. Female residents in particular lead an unsafe existence as they are subject to abuse by male customers, Marashea members inflicting harsh physical punishments for not obeying group rules, and even white farmers. In one settlement, when unattached women do not pay their rent, the farmer has been known to take them to the mine hostel and 'sell' them to any man who will pay the rent that the women owe. Sexually transmitted diseases are widespread and studies show that the majority of sex workers in informal mining settlements are HIV positive.

The downsizing of the mining industry has had many consequences for squatter communities - all of which have been negative. The Marashea gangs that control the camps are feeling the squeeze.

Most Marashea who live in the camps are unemployed and are financially dependent on liquor sales, protection fees levied from residents, membership fees paid by mineworkers who belong to the group (primarily to gain free access to women), and funds from mineworkers who house female companions in the settlement.

In many camps, these sources of funding are decreasing due to retrenchments. Additionally, the Marashea used to replenish their forces with novice mineworkers newly arrived from Lesotho. Young men still come because they have no way of supporting themselves in Lesotho, but now they come straight to the camps, and have nothing to offer economically.

These developments will probably force some Marashea groups to engage in

increased criminal activities. Furthermore, the incidence of conflict between different Marashea groups may well rise as the gangs fight over decreasing resources.

A decrease in the number of paying customers also increases competition between desperate sex workers. This environment results in squabbling, witchcraft accusations and heightened levels of violence. Sex workers who are forced to compete for customers are less likely to insist that their clients use condoms, thereby increasing the likelihood of HIV infection. A reduction in earnings also puts women at greater risk of eviction and physical abuse if they are unable to meet their financial obligations.

Because migrant mineworkers face such bleak economic circumstances if they return to their home areas, many choose to settle in the squatter camps when they are retrenched. This results in some cash flowing into the squatter camps' community when the ex-mineworkers spend their retrenchment packages. However, studies show that most of this money is used for day-to-day survival rather than being invested productively.<sup>1</sup>

The population of many camps is increasing, due to retrenched mineworkers settling in them and continuing migration from Lesotho and the former homelands. This is happening at a time when the squatter camps are becoming less economically viable. The decline in the gold mining industry is also having a disastrous effect on many related enterprises such as taxi businesses and spaza shops. ★

### Footnote

*1 Seldman, G 'Shattered The social impact of down-scaling in the OFS goldfields', in J. Crush and W. James (eds), Crossing Boundaries: Mine Migrancy in a Democratic South Africa (Cape Town, 1995)*



# Basotho miners speak

## *Subcontracting on South African gold mines*

In April and May 1998, researchers conducted research in Lesotho to explore the impact that the increased use of subcontractors has had on Basotho mineworkers. They interviewed 93 Basotho mineworkers, who have or were working for contractors. Researchers also collected information from officials of labour recruiting agencies and the coordinator of the Mineworkers Development Agency (MDA).

There has been much discussion and analysis of retrenchment in the mining industry, however, researchers have largely ignored the trend towards the increased use of subcontractors. While in 1987 only 3% of the workforce in gold mining was employed by subcontractors, by 1994 this figure was 10%. A sample of 27 gold mines shows that the total number of employees declined by 32.7% between 1988 and June 1996. During this same period, the use of subcontracted labour on gold mines increased by 96.8%. In 1998, about 7% (5 261) of all Basotho mineworkers were employed by 30 subcontractors registered with the Chamber of Mines.

Subcontracting has always existed to some degree in specialised areas such as shaft sinking. However, since the late 1980s, mines have been hiring subcontractors for an increasing number of 'core' functions that were traditionally performed by regular mineworkers. Those supporting subcontracting justify it on the

*Theresa Ulicki provides research findings that show that subcontracted workers on the mines feel exploited and want the system of subcontracting to be transformed.*

---

basis of lower costs, increased productivity, and improved labour flexibility. This may be true, but subcontracting is also clearly an attempt to bypass the labour standards negotiated by trade unions. Critics of subcontracting blame management's increased use of subcontracting on the grounds that the subcontracted workers:

- are paid lower wages;
  - are generally not entitled to medical schemes, pension or death benefits;
  - do not receive severance packages,
  - are required to work longer hours in dangerous parts of the mine,
  - are discouraged from joining unions.
- Regular miners have benefited from various new acts of legislation, including the Mine Health and Safety Act, the LRA and the BCEA. Subcontractors routinely bypass these regulations.

### **Recruitment**

There are four official recruiting agencies in Lesotho: TEBA, E. R. Ramsden Bleskop,

Ribaneng Recruiting Agency and Acrol (Anglo-Colliery Recruiting Organisation Lesotho). TEBA had recruited the majority of mineworkers interviewed in the study.

One function of a recruiting agency is clarifying the conditions of employment in the contract for the recruited employee. This is particularly important given the high rate of illiteracy amongst Basotho mineworkers. TEBA employees claim that they explain the conditions in the contract to all recruits. However, the TEBA contract used for subcontractors is the same as the regular contract used for mines. This contract does not accurately reveal the terms of employment with individual subcontractors. As a result, the TEBA recruiters may not specify all the terms of employment when they are recruiting.

While TEBA employees probably discuss the general employment conditions with recruits, it is unlikely that the TEBA employees are familiar with the specific terms of employment of each of the 30 subcontractors for which they recruit. Eighty-three per cent of respondents remember signing (fingerprinting) a contract. However, two-thirds claim they were not advised of their contract's terms before beginning work. Even when the terms of their contracts are explained, these may not be the conditions miners experience at the job site. Miners complain that:

- they are not paid the wages they are promised,
  - the subcontractors do not stick to the benefits and bonuses stated in the contract;
  - accommodation is not always available.
- Currently, there is a legal restriction on hiring foreign novices (people who have never worked as miners before) to work for subcontractors. However, interviews show that some subcontractors try to bypass these regulations by issuing false

work service documents. Recruiters believe such subcontractors prefer novices because they are more easily manipulated and exploited.

Recruiting agencies agree that the employment conditions of subcontracted workers are inferior - even unfair - compared to regular mineworkers. Nevertheless, interviews with recruitment agency officials show that while they may encourage subcontractors to meet certain standards (such as providing death benefits and a minimum wage), they do not require any minimum standards before they will recruit workers.

### Employment conditions

The miners interviewed, NUM and recruiting agency employees are very concerned about the lack of standard industry non-wage benefits provided by subcontractors. The vast majority of subcontracted workers do not receive membership in a medical scheme, sick leave or injury compensation, a pension, severance pay, free safety equipment, or death benefits. The differences in employment conditions are very clear to the Basotho men: 'Regular miners are not bathing with cold water, they are eating satisfactory food, they are given money for medical purposes, pensions, bonuses... When one of them is dead, his family is given money.'

The lack of sick leave and compensation for injuries can lead to particularly exploitative and illegal situations. Employers may blame workers who sustain injuries on the job and therefore not compensate them or even dismiss them.

When subcontractors pay employees' medical fees, they may take injured workers to 'back-door hospitals' where medical care is poor. In instances where subcontractors are involved in an accident



*Many subcontracted workers are retrenched and given little time to pack.*

and the accident results in deaths, the consequences for the victims' families may be devastating. In the Vaal Reefs disaster of 1995, the mineworkers employed by subcontractors were not covered by death benefits and their families received very little compensation. A special disaster fund was established and through this each family was given R5 000. The families of regular mineworkers received R60 000 each.

Subcontracted mineworkers often work in the most dangerous sections of the mines - sections where regular mineworkers and their union representatives have refused to work. Even working in these more dangerous situations, the subcontracted workers may be paid considerably less than regular mineworkers. The average monthly income of those workers interviewed is R788, but this ranges from R150 to R1 800 per month.

One interviewee explained his financial problems: 'I stopped working for the subcontractor because I was working but my family was starving. Now, what use was

my work?' My head would spin around every time I got my monthly salary because now how could I divide R100 between myself and a family at home? It is a shattering idea. If now I send R100, how much is left for me? R5? What do I do? One packet of cigarettes and nothing? If I share it so that it is R50 home and R50 for myself, what do I expect to hear from my wife? That I have thousands of women here and I don't care about my family? The best, yet not better than anything, was to ignore them at home for a couple of months and send R150 the third month, which is still crazy but better.'

Most of the interviewees believe that contractors cheat their employees by making unauthorised or excessive deductions. Interviews also showed that many subcontractors pay their employees late or not in full, while some subcontractors try to get out of paying their workers entirely.

Documentation on subcontracting emphasises that while basic wages are

lower than those of regular mineworkers, production bonuses make up a large part of subcontracted mineworkers' total earning. The majority (70%) of mineworkers report receiving production bonuses. However, many have no idea how much they should receive. The remainder state they are paid very little in the way of bonuses, receive bonuses infrequently or are promised bonuses they never see. Interviewees generally see the production bonus system as another area where subcontracted mineworkers are manipulated and cheated.

Little is known about the hours that subcontracted workers work. However, because so many men rely on production bonuses to increase their income, they often work dangerously long hours - sometimes up to 13 hours per day. The high number of hours worked and the dangerous conditions of subcontract work lead to serious health and safety risks, which are worsened by:

- a lack of medical benefits;
- inadequate or non-existent compensation in the event of injury or death;
- exploitative practices such as dismissal in the event of injury or sickness.

Research shows a direct link between higher percentages of subcontracted workers and higher total death and injury rates on mines. Furthermore, TEBA employees suggest that there are more injuries with subcontractors than are actually reported.

Productivity bonuses may encourage workers and supervisors to take unacceptable risks. One mineworker tells his story: 'Workers work even when they are tired and don't concentrate on what they are doing any longer, but are forced to finish their assigned work before they may have time to rest. The result is working carelessly and causing accidents.

This happened where I was working. We were working for bonus when one man's leg was broken by a locomotive - he was working and not noticing that the locomotive was too close to his leg and it was crushed.'

Some subcontractors ignore aspects of the Mine Health and Safety Act (1997). According to the Act, an employee must report any situation which presents a risk to the health and safety of employees to the supervisor. Furthermore, an employee has the right to leave a dangerous work place. However, many mineworkers report being forced to work overtime, thereby creating a dangerous work environment. If they express concern over the risk of working under such conditions, they are fired. The Act stipulates the employees must be trained and competent to safely perform any task assigned to them; with contractors, this is not always the case: 'They give safety instructions in the mine school and ignore them at work by disobeying them and expelling those who insist on "safety first".'

## Unionisation

Subcontracting impacted significantly on unions. It has contributed to the decline in the membership of Basotho mineworkers in NUM. It has also affected the way Basotho mineworkers perceive NUM.

A number of mineworkers interviewed believe that mines have increased their use of subcontractors to discredit and destroy NUM: 'The mines ran away from NUM [which was] exposing their corruption and the way they cheat illiterate, poor workers just because they could not interpret a thing on their pay slip. NUM is now working for its supporters and it is not easy to cheat miners any longer. So mines made an excuse that there was no more gold, to dismiss workers and hire subcontractors



*Subcontracted workers work in dangerous areas in which NUM members refuse to work.*

who could employ desperate people they could cheat since they won't allow them to join unions.'

Union membership amongst subcontracted mineworkers is much lower than that of regular mineworkers. Sixty-six per cent of mineworker interviewees are not union members. Of those who do belong to a union, the 77% are NUM members, while the remainder do not know which union they belong to. Some mineworkers are registered with small and unknown unions without their consent. This is possibly an attempt to prevent them from joining NUM. While no legal barrier prevents employees of subcontractors from joining unions, 72% of the mineworkers report that the subcontractor they work for discourages them from joining a union. Forty per cent of respondents claim that subcontractors expel workers who join a union: 'Subcontractors don't allow workers to join unions. That's how they can make employees work no matter what. If you

want to be fired, be big-headed and complain. They will kick you the hell out of work and you're going to starve.'

Nearly half the interviewees believe that NUM has made no attempt to assist subcontracted mineworkers and are bitter that NUM has not played a more effective role in lessening the exploitation they experience: 'NUM is a union which works on behalf of workers. It must meet challenges like any other union fighting for rights. If it does not meet these challenges, what work will it have to do? .. This is a good chance for it to show what it can do for workers and not just take fees without doing work [but] it hasn't done enough, at all

'Subcontractors work under bad conditions and are abused. NUM knows that these workers cannot force employers to let them join, but it doesn't do anything to help them because they are not members. How can they be members while it does not help them acquire membership?'

## Relations with regular miners

The introduction of subcontractors at mines sometimes leads to hostility, and even violent conflict, between regular mineworkers and subcontracted mineworkers. Mineworkers feel that subcontractors undermine the basic employment standards that they have achieved and that their jobs may be the next to be subcontracted. The majority of respondents maintain that relations are conflictual, involving name calling, mockery and even violent fights. 'Regular miners despise us. They dismantle or steal mine property but they say it's us. Sometimes they go for a strike that will benefit them, as NUM will be on their side, but they threaten us subcontracted workers that they will kill us if we go to work. We would stay and later get problems with our management for not working'

## Retrenchment

The uncertainty of employment in the mining industry – especially when working for a subcontractor – is strongly felt when workers are retrenched from a contract. The vast majority of workers employed by subcontractors did not receive a severance package when they were retrenched. Almost half the men who have been retrenched by subcontractors were not given notice – they had to leave the work place and hostels within a matter of hours. This practice causes many difficulties and complications. Many retrenched subcontracted mineworkers complained that they could not collect their belongings in the short period of time given to them by the subcontractor. They also complained that they often had to wait until pay day to collect their wages. During this time they may incur debts for accommodation and food.

## Conclusion

Overall, the employment conditions that subcontracted mineworkers endure are inferior to those of regular mineworkers. Critics of subcontracting argue that subcontracting is merely a strategy that allows mines to bypass the unions and increase profits.

This study's purpose is not to formulate policy guidelines in hope of changing the system – that would require a much more thorough investigation. The intention is much more modest – to allow the voices of those most affected by subcontracting to be heard. The men we interviewed regard the conditions under which they work as exploitative. They believe the system of subcontracting must be transformed and the majority call for subcontractors to be required to:

- follow the regulations and provide the same conditions as regular mineworkers;
- pay better wages;
- allow unions. ★

## References

- National Union of Mineworkers (1995) Third Submission by the National Union of Mineworkers Johannesburg NUM, Commission of Inquiry to Investigate the Development of a Comprehensive Labour Market Policy, p 151.*
- Van Wyk, K (1997) Contract mining vs in house mining: a contractor's perspective Unpublished mimeo, p 23-25*
- Smith, F (1997) Contracting Mining and the New Mine Health and Safety Act Mimeo.*

---

*Theresa Ulleki is a PhD student in Development studies at the University of Sussex. The research for this article was conducted while she was employed by the Southern African Migration Project (SAMP) – Theresa Ulleki and Jonathan Crush with Teke Tseane (1999) Undermining Labour: Migrancy and Subcontracting in the South African Gold Mining Industry SAMP Migration Policy Series 15 (forthcoming)*

# Response to 'Basotho miners speak'

As NUM, we do not define workers on the basis of tribes. The problem of contractors is not a Basotho miners problem, it is a problem facing NUM in the industry, the labour movement in general in the economy and the labour movement globally. It is about replacing quality jobs with inferior jobs. It is about destroying the national social security net as it is put together. The narrow approach in Ulicki's article is not helpful and does not put the problem of contracting into perspective.

It would be helpful for the *Bulletin* to do a comparative study on the extent of casualisation of work, part-time work, outsourcing/contracting out in various sectors of the economy, for example mining, commercial and hospitality, state institutions etc. This study should also look at the degree of unionisation of these workers and what unions in the respective sectors are doing about these forms of employment.

NUM has been dealing with this issue in negotiations since 1995. Our agreements and current negotiations are proof that NUM has seriously put sub-contracting on the agenda. We must however, highlight the complication brought about by sector demarcations. If security is out-sourced who should organise those workers? Is it NUM or TGWU? If Grinaker is mining at Target, should CAWU or NUM organise those workers?

Contracting is a challenge facing us and

by *Gwede Mantashe, NUM general secretary.*

---

the entire labour movement - we must fight any lowering of work standards and give workers, who find themselves in these lower quality jobs, security and access to the National Social Security Net

## Extracts from agreements

### □ *Subcontracting agreement between the Chamber of Mines and NUM, 1995*

'The parties acknowledge that it is custom and practice in the mining industry throughout the world that aspects of the mining process and other matters associated with the operating of mines are sourced out or contracted out by mining companies to other persons. Whilst this practice of outsourcing or subcontracting offers various advantages to mining companies and supports the development of small business enterprise it might contain threats for employees and members of trade unions operating in the mining industry. Therefore the parties agree that when considering subcontracting, the company shall adhere to the following principles and procedures...

The provisions of this agreement shall not apply to tasks which require

special skills equipment and/or resources and for which tasks mines do not ordinarily employ categories one to eight employees...

Within 30 days of signing this agreement the NUM shall be advised of existing subcontracting agreements Mines undertake:

- to advise the NUM's mine level structures of new subcontracting plans;
- to disclose to the NUM on a regular basis information relevant to subcontracting...;
- where the unemployment of subcontractors might lead to the retrenchment or downgrading of an existing employee, the NUM's representatives will be involved in discussions...

To facilitate the implementation of this agreement the question of contracting out will be a subject for discussion in management/NUM meetings.

The parties agree that the purpose of this agreement is to promote harmonious relationships and in this regard commit themselves that where incidents of conflict arise between mine employees and employees of contractors all parties will become involved to defuse the situation.

A subcontractor is required to comply with applicable legislation, including the Aliens Act, the LRA, the BCEA, Minerals Act, Unemployment Insurance Act and the Compensation for Occupational Injuries and Diseases Act.

It is acknowledged that mine management cannot interfere with the contractual relationship between the contractor and his employees but good practice dictates that there should be sound employment practices!

- The parties agree upon the effective implementation of the 1995 agreement

on sub-contracting regarding, amongst other matters, advice to the NUM's mine level structures of new sub-contracting plans and disclosure to the NUM on a regular basis of information relevant to sub-contracting. The Chamber undertakes to bring to the attention of its gold and coal members which recognise the NUM the need to fulfil their obligations under the terms of the 1995 sub-contracting agreement!

### Draft wording: current negotiations

'The mines shall set up joint structures at mine level which shall monitor contractor's compliance with the requirements set by the mines... The mines shall ensure compliance with codes of conduct agreed at mine level ..

Subcontractors shall be expected to comply with all health, safety and labour legislation or with such exemptions that may have been granted, and shall have to provide written confirmation, where applicable, of their registration in terms of the Unemployment Insurance Fund Act, 30 of 1996 (the UIF Act), the Compensation for Occupational Injuries and Diseases Act, 130 of 1993 (the COIDA) and the Occupational Diseases in Mines and Works Act, 78 of 1973 (the ODMWA).

The mines shall require proof from contractors that they are paying the required assessments and levies in terms of the COIDA and the ODMWA.

The mines are responsible for the health and safety of all employees on the mines, including those of subcontractors. The decision-making criteria when awarding contracts shall include the occupational health and safety performance of contractors. The mines undertake to negotiate at mine level, agreements of conduct relating to the implementation of the above. ★



# Between a rock and a hard place

*productivity agreements in gold mining*

The South African gold mining industry is a declining industry, partly because there is a limit to the amount of gold that can be extracted from the ground. But the process of downsizing has been aggravated by a steady decline in the gold price since the late 1980s. In May 1999, the gold price fell to a 20-year low of around US\$272/oz. When Britain's central bank started to auction off gold, the price fell to below \$260.

Annual gold production decreased along with the gold price. In 1996, South African gold mines produced 491 tons of gold. In 1997, this declined to 492.5 tons. In 1998, they only produced 473.7 tons. In 1990, 37 gold mining companies operated in the industry. Now, there are only ten gold mining companies operating.

Throughout the 1990s, NUM has tried to use collective bargaining to slow job loss. In 1997, for example, NUM and the Chamber of Mines signed an agreement that linked wage increases to productivity deals at the mines they covered. But this agreement was overshadowed by the gold price plunging to record lows in the same year. Instead of increased production and job security, mineworkers got large-scale retrenchments and subcontracting. This resulted in NUM, mining employers and the government setting up the Gold Crisis

*Andries Bezuidenhout examines productivity agreements in gold mining and identifies lessons that can be learnt.*

---

Committee. How can we understand what happened? What lessons can we learn?

## **Early attempts**

From the early 1990s, NUM experimented with different ways of improving productivity. Why? Since the decline of the gold price from the 1980s onwards, NUM realised it would have to attempt to save mines from closing down before absolutely necessary. The union also saw the agreements as potential opportunities to improve its members' working and living conditions.

During the 1980s, when the gold price was relatively high, mining houses did not have many incentives to change the basic mode of operation. Working conditions remained very bad and mines continued to operate with white supervisors getting jobs only because they were white.

The decline in the gold price in the late 1980s and the 1990s changed this

As NUM became more powerful and the gold price fell, management was forced to engage labour in discussions on productivity. NUM saw this as an opportunity to win certain trade-offs. These trade-offs included concessions on health and safety, organisational rights, improving training, and new approaches to job grading. This could potentially strengthen the position of NUM and improve mineworkers' working conditions. In 1991, NUM signed an agreement with the Chamber of Mines linking wages to performance. They agreed to a lower minimum wage supplemented by production bonuses. Talking about the principle of linking wages to productivity in the 1991 agreement, Marcel Golding, a former general secretary of NUM said: 'For us it was not a case of being persuaded to accept productivity - we've actually gone on the offensive and changed the perspective on productivity by having these principles accepted .. They [ie management] have always operated on the basis of authoritarian management, with the assumption that it is their unilateral right to determine targets and not disclose information.'

But the next year, NUM rejected linking bonuses to performance. The union felt that management still saw setting targets and measuring output as areas of managerial prerogative. The approach was also not broadly debated within the union, but was agreed upon in a small working committee. In 1992, the NUM Central Committee reaffirmed its commitment to a campaign for 'a living basic wage for all mineworkers'. But there was a problem with marginal mines. If minimum wages were too high, some marginal mines could close down. So in 1992, NUM signed a profit-sharing scheme instead.

Martin Nicol, then head of the NUM's collective bargaining unit, explained: 'The

wage bill is a large part of mining costs - about half on most gold mines. A modest increase of 10% in wages immediately translates into an increase of 5% in the cost per kilogram of gold mined. And these greater costs can easily push a marginal mine into a loss... Lower increases could slow down the contraction of the industry, while the profit sharing scheme means that mines which are profitable and can afford to pay more, do so.'

Other agreements in the 1990s addressed broader issues related to productivity. For instance, the 1995 NUM and Chamber of Mine's agreement addressed grading and subcontracting. NUM also agreed that certain mines could move to different shift systems, such as full-calendar operations (FULCO), where the mines would operate every day of the year. They agreed that individual workers and their unions would work with mine management to restructure their workplaces to ensure the long-term viability of the industry. But the agreements were not always successful. Mines continued to subcontract to cut costs. Many union branches were not empowered to take up the issue of subcontracting. Also, the 1996 agreement had to re-address the issue of job grading, because very little happened as a result of the 1995 agreement.

### 1997 productivity agreement

The 1997 agreement between the NUM and the Chamber of Mines had major new innovations. An article in the *Bulletin* referred to the agreement as a 'ground-breaking, industry wide productivity deal'. What did this agreement do?

- As in 1991, the agreement set a low basic wage increase to be supplemented by a productivity-linked bonus.
- The parties agreed to increase annual gold production by 90 tons. They set



*Subcontracted workers work in dangerous conditions.*

measurable targets for each mine. The reasoning was that productivity improvements would not lead to job loss if you increased production.

- ❑ The parties agreed to negotiate productivity agreements at mine level. The wage increase was only to be implemented once these deals were concluded.

- ❑ Unlike the tradition in the industry, the agreement was signed for two years, instead of one. It aimed to provide stability in the industry to help implement productivity agreements.

As a result, NUM concluded productivity agreements with most of the mines affiliated to the Chamber of Mines. The mines that did not conclude agreements were mostly marginal mines. Some of the marginal mines closed down before any agreements were signed. These productivity agreements typically included:

- ❑ introducing additional shifts or FULCO,
- ❑ introducing productivity monitoring forums;
- ❑ broad banding and upgrading lower categories of employees;

- ❑ introducing multi-skilling;
- ❑ linking a bonus system to production targets;
- ❑ monitoring training.

Disputes concerning interpretation and application of agreements were generally referred to arbitration to reach a final settlement without strike action. Some mines, however, used the ordinary deadlock breaking mechanisms included in the Labour Relations Act of 1995, where unresolved disputes are usually referred to the CCMA. Should this fail, the option of industrial action can be used.

Some agreements at mine level also included a clause on subcontracting. This clause reaffirmed an agreement reached in 1995 between NUM and the Chamber of Mines which gave the union:

- ❑ access to information on existing subcontracting arrangements;
- ❑ the right to be consulted on new areas considered for subcontracting.

### **Crisis proportions**

The unexpected collapse of the gold price at the end of 1997 did not contribute to



*NUM's general secretary, Gwede Mantashe.*

the stability and increased production that the parties hoped for. Instead, the collapse of the gold price led to large-scale retrenchments and shafts closing down. Members of the Chamber of Mines in the gold mining industry had employed 518 419 mineworkers in 1987. By 1993, this number declined to 366 248. Between 1996 and 1997 alone, employers in the mining industry retrenched about 61 000 mineworkers. But, these figures seem small when compared to job losses in 1998 when the industry shed 90 000 jobs. This crisis diverted attention away from the productivity agreements. Instead, mines seemed to opt for short-term cost-cutting strategies, such as retrenchments and subcontracting.

The Chamber of Mines and the government finally recognised that a formal process was needed to cushion society from the effects of rapid job loss. In fact, NUM had been calling for a social plan since the early 1990s, but to no avail

After threatening strike action, NUM finally succeeded in calling a Gold Mining Summit on 26 and 27 February 1998. The idea was to formulate a long-term strategy to co-ordinate efforts of the union, government, the development sector and mines to lessen the impact of downscaling. NUM also wanted to pressurise mines to seek alternatives to retrenchments.

NUM, the Chamber of Mines and several government departments attended the summit. The Chamber of Mines agreed to place a moratorium on retrenchments until the Gold Crisis Committee was formed. This committee's main task was to 'receive notice of all large-scale retrenchments from employers, and to oblige the affected parties to seek alternatives to retrenchment'. Three Cabinet ministers (the ministers of Labour, Minerals and Energy Affairs, and Public Works), representatives from the Chamber of Mines and three representatives from NUM were represented on the Gold Crisis Committee.

The Committee set up task teams to investigate, amongst other things:

- state assistance to marginal mines;
- beneficiation;
- developing a market for gold;
- gold price stabilisation;
- efforts to ensure 'the correct balance between labour-intensive mining and labour saving technology'.

The Gold Mining Summit consisted of different commissions. One commission dealt with issues of workplace organisation and restructuring, while another looked at creating and preserving jobs. The commissions reached consensus on a number of issues, including:

- the need for a social plan;
- greater worker participation at all levels;
- initiatives to improve production efficiency.

The parties did not reach an agreement on subcontracting. The declaration adopted by the Gold Mining Summit stated 'the issue of subcontracting will need to be discussed as a matter of urgency by all stakeholders, notwithstanding the current agreement'.

### The subcontracting problem

Mining companies blame the large-scale retrenchments on the decline in the gold price. But NUM feels that management used the drop in the gold price as an excuse to lay-off workers, increase subcontracting and mechanise. Several mines are introducing subcontracting whilst retrenching workers. NUM sees the trend towards increased subcontracting as the mines' strategy of following a 'low road' approach by cutting costs. NUM believes that management should instead follow a 'high road' approach based on worker involvement in productivity improvements.

Guy Standing from the ILO says that the mining industry is using more subcontracted labour to try and get higher productivity, more flexibility and cut costs. Contract workers are generally not unionised and do not receive wages negotiated by unions and mining companies (Contractors often discourage workers from joining unions). Contract workers are generally not covered by benefits negotiated by unions and mining companies. While regular mineworkers earn most of their money through a wage, contract workers' income is often entirely bonus-related - they get paid for measured output.

A NUM press release expressed the union's anger at the coupling of retrenchments with subcontracting at Vaal Reefs Gold Mine: 'Workers are angry at the company's replacement of permanent workers with contract labourers on less wages and worse working conditions

Management are cutting costs by employing people on the cheap. This is in a bid to increase profits but with little care for the safety of workers in what has become an infamous mine. Some sections of the mine underground are being divided off and given to contractors to mine, completely cutting out permanent workers and NUM members'.

Subcontracting has subsequently become a major point of contention between NUM and the Chamber of Mines. It has become a central part of NUM's core demands for the 1999 round of negotiations.

### Lessons

Attempts to increase productivity implied wide scale experimentation with various new measures, such as introducing FULCO or additional shifts, multi-skilling, and bonus systems linked to output. On the one hand, the NUM felt that it had to agree, since the 'guns' of more retrenchments and subcontracting were held to its head. On the other hand, it saw the agreements as holding the potential of moving away from the authoritarian ways in which mining work is organised and to win certain benefits for its members. The dilemma for the union is whether to actively get involved in increasing productivity. This can prevent marginal mines from closing down, but it can also undermine the union's identity as an opposition to management.

But NUM's dilemma, even though quite stark in the gold mining industry, faces many other unions in many other industries as well. Unions all over the world will have to find sophisticated responses to these challenges.

The involvement of unions in attempts to improve productivity can potentially be very destructive. New forms of work organisation which unions agree to can impact significantly on unions themselves.

Unions may want to take the following into account:

- Agreements to changes in work organisation must be rooted in the experiences of workers. They must be mandated agreements. When negotiations around issues such as bonus systems become complex, unions must empower their members to remain in control of negotiations. If unions sign deals which workers do not feel part of, workers may turn against the union itself. Incentives, such as linking a wage increase to the striking of a productivity deal, may motivate negotiators to move too fast during negotiations. Lack of worker participation in the negotiations may result in the union losing credibility among its members and being weakened in the process. This can be aggravated by management's telling workers to take grievances about work reorganisation up with the union when they are unhappy.
- If unions agree to team working arrangements, they will have to find a sophisticated response to linking bonuses with performance. For example, linking bonuses to team output without taking into account the number of members in the team, may lead workers to reduce the size of teams so that individuals get more money. In effect, workers help management downsize. This also undermines solidarity.
- Multi-skilling usually means multi-tasking. It is often used to make workers work harder, without making work more interesting or expanding worker control. It also enables firms to reduce the number of skilled workers. When multi-skilling is introduced, there must be a clear and guaranteed movement away from racist and

authoritarian supervision along with that. If teams cannot challenge supervisors and management on work organisation, or if workers become 'supervisors' of other workers, the system boils down to 'management by stress' and does not hold many advantages for workers in the long run.

- Unions will have to find effective ways of responding to subcontracting. One must not be fooled that seemingly worker friendly forms of flexibility, such as multi-skilling and team work, will stop management from using casualisation and subcontracting. The two are often used in combination - as carrots and sticks. In the end, both can become sticks.

This year, NUM is taking a cautious approach to productivity. The gold price is still very low. But they are not linking the wage agreement to productivity deals. These issues will be negotiated at mine level. Negotiators will not be forced to strike productivity deals under pressure that the wage agreement will only be implemented once a productivity deal is concluded. These negotiations can build on the experience the union has built up over the decade. Issues of work reorganisation should constantly be linked to job security and the fight against undermining forms of subcontracting.

The challenge again this year is to save jobs while at the same time making working conditions more humane and expanding worker control, even in a context where it looks almost impossible. ★

## Reference

*Standing, G., Sender, J & Weeks, J 1996  
Restructuring the labour market The South African challenge, an ILO country review.  
Geneva: International Labour Office.*

*Andries Bezuidenbout is a researcher at the Sociology of Work Unit (SWOP), University of the Witwatersrand.*

## *The South African Labour Market: Critical Issues for Renaissance*

The third edition of Frans Barker's textbook provides a substantially revised and up-to-date guide to the characteristics, problems and functioning of the South African labour market. It also serves as a welcome addition to the growing number of studies of the labour market post-apartheid. Other studies, in book form, that are worth noting are: the *Report of the Comprehensive Labour Market Commission; the ILO Country Review* by Standing, Sender and Weeks (which remains the benchmark study) and the recent study of labour markets in the Southern African region by Torres.

The first edition of Barker's book appeared in 1992, then sub-titled, '*Critical Issues for Transition*', with the second edition being published in 1995. As the author notes, there have been significant developments since that time which warranted a revised edition. These include: the election of a democratic government and the introduction of new labour legislation; exposure to the process of globalisation and significant changes in the labour market itself. Given that the first two editions of this book sold an impressive 3 000 each, there must clearly also have been a strong market incentive for an updated version.

### **Economics of wages**

In addition to covering new labour legislation, such as the BCEA, the

---

by *Ian Macinn, senior researcher, Department of Labour*

---

Employment Equity Act and the Skills Development Act, the third edition has a new chapter on the economics of wages and collective bargaining. It includes updated figures and also draws on Census '96 findings. Recent developments, such as the Presidential Jobs Summit held towards the end of 1998 are referred to and there is extensive reference to the ILO review of the South African labour market.

The layout and general presentation of the book have been improved. Each chapter clearly identifies its focus; key concepts are highlighted, and there are a set of questions for students at the end of each chapter as well as suggested readings. Previous editions contained an impressive array of empirical data and this feature has been retained and expanded in the latest edition, adding to its value as a reference work.

### **Too South African**

There is thus much to commend in Barker's book. Two issues do, however, leave it open to criticism. The first is that, as a textbook, *The South African Labour Market* is a bit too South African. While the author has an understandable concern to provide the general reader with an

overview of the South African labour market' (p.v) a textbook has to situate itself in relation to international developments in its field.

Although Barker adopts a balanced perspective on most controversial aspects of labour markets, the book is primarily economic in its orientation to labour market issues.

The basic approach adopted could have been strengthened by reference to international developments, particularly conceptual developments, that have resulted in the approach to labour markets becoming a far more inter-disciplinary subject matter.

Particularly important, and relevant to South African students of the labour market, have been the impact of institutional and sociological theories of labour markets and their functioning. These require, for example, the incorporation of behaviour and practices that cannot be approached from a purely economic perspective in thinking about labour markets.

The concept of internal labour markets has also broadened (and complicated) conventional approaches. While Barker alludes to some of these approaches and concepts, particularly in the empirical discussion of the South African labour market, he could have given them wider coverage in the more conceptual parts of the book.

### Not South African enough

Secondly, it could at the same time be said that *The South African Labour Market* is not South African enough. Although our labour market can certainly be analysed through an economic lens, such an approach is inevitably going to have limited leverage in the context of the particular social and political history which has made our labour market what it

is today - highly segmented, highly unequal and, in certain respects, highly inefficient.

To adequately convey an understanding of this labour market requires not only an inter-disciplinary approach, but also a particular sensitivity to the ways in which it is embedded in particular institutions, norms and practices. In this regard, the book's final chapter on 'Institutions of the labour market' is especially disappointing. The chapter is too formalistic, concentrating on a description of certain institutions (such as Nedlac). It does not do justice to the critical importance of institutions, broadly understood, in both the history and the transformation of our labour market.

Despite these gripes, the third edition of Barker's book deserves success in the bookstores. It should be read, not only by students, but also by line managers, union activists and government officials. When used as a textbook, it should probably be supplemented by other readings. More importantly, however, South African tertiary education needs more courses in labour economics and labour market studies in which books such as this can be put to proper use. ★

### References

- Presidential Commission to Investigate Labour Market Policy: Restructuring the South African labour market* Pretoria: Department of Labour, 1996.
- Standing, G., Sender, J & Weeks, J *Restructuring the labour market: the South African challenge*. Geneva: ILO, 1996
- Torres, L *Labour Markets in Southern Africa*. Oslo, *Tifo-report* 257, 1999

---

*Frans Barker, The South African Labour Market: Critical Issues for Renaissance (Third Edition) Pretoria: JL van Schaik, 1999. The book costs R155 and can be obtained at the CNA or Exclusive Books.*



# ANC elections manifesto is a decoy

**T**he ANC's overwhelming victory was based on its election manifesto promise of 'Five years of accelerated change' on the basis of the RDP. While the RDP may be the ANC's stated programme, the ANC continues to implement GEAR.

A stark weakness of the left during the elections was not critically engaging with the ANC manifesto. When government unilaterally implemented GEAR in 1996 we were told that it is a vehicle through which the RDP will be implemented. We were not fooled. Workers officially rejected GEAR at the COSATU congress in 1997 and Central Committee (CC) in 1998. Workers rejected GEAR because they saw it as a policy that supports the interests of the rich. But the CC's resolutions, which outlined a programme of mass action to fight GEAR, were never implemented. COSATU leadership had by this time become soft on GEAR.

It was therefore very disappointing, although not surprising, that COSATU and the SACP leadership gave the ANC unconditional support based upon the so-called 'RDP manifesto'. This support was justified and based upon government's so-called shifts in GEAR that became known as the post-GEAR consensus. The ANC's 'RDP manifesto' is supposed to be a reflection of the new founded consensus. But the post-Gear consensus is not about changing or rejecting GEAR, but its

---

*Edward Cottle argues that the ANC cannot deliver what it has promised in its elections manifesto.*

---

endorsement. It is about dealing with the militancy of the working class and not the needs of the oppressed.

## **So-called post-GEAR consensus**

We first heard about a post-GEAR consensus at the Jobs Summit in October 1998. We heard government had agreed the GEAR targets were not cast in stone. COSATU interpreted this to mean a shift away from the ANC's neo-liberal policies. Yet, after the Jobs Summit, Parliament passed Trevor Manuel's Adjustment Appropriation Bill. Major features of this bill are that in the next two years government will

- cut the education budget by R300-million;
- cut the health budget by R100-million to R700-million;
- cut the welfare budget by R100-million to R200-million.

These cuts will result in major job losses. Besides proof that government had intended to cut social expenditure in the near future in line with GEAR, the ANC manifesto proclaimed otherwise. The

manifesto is dishonest as it pretends that government policy has changed.

### **Role of the state**

The ANC's election manifesto claims the state will play an interventionist role. It says: 'the public sector will play a key developmental and enabling role' in 'achieving growth with equity'. According to Sally Timmel, director of Fair Share, government has cut every 'RDP ministry's' budget in real terms this year:

- education by 3,9%
- health by 0,8%
- welfare by 3,7%
- housing by 14,3%
- water by 21,6%
- transport by 3%
- land by 15,5%.

Government is privatising and has committed itself to retrenching between 50 000 and 100 000 civil servants. All evidence shows the state will be playing a less interventionist role than promised. The manifesto promise of speeding up delivery of basic needs cannot happen with a shrinking budget for social expenditure.

### **Housing**

According to the manifesto, government will work with the private sector and trade unions to channel investments into people's housing and build rental stock. The housing project is to build between 50 000 and 150 000 houses (75% rental stock). The housing ministry's media announcement on 29 June 1999 reasserts government's partnership with the private sector and does not set any targets. How is housing going to be delivered with a budget reduction of 14,3%?

### **Education**

The ANC promised free education. In reality, pressures to pay school fees are

enormous. Schools use the ability to pay school fees as a way of selecting and excluding students. While the Schools Act forbids the exclusion of students, the school can sue parents for non-payment. Furthermore, the education ministry's recent media release does not set targets for the number of schools to be built and the number of teachers to be trained or re-trained. The money allocated to education has declined in real terms over the last four years and will impact negatively on education delivery.

### **Welfare**

The manifesto promises a social security system for the most vulnerable. While the finance department has cut the welfare ministry's budget, the Medium Term Expenditure Framework (MTEF) states that the welfare budget will not increase until 2001/2, and then by a mere 0,3%.

### **Taxation**

The ANC election manifesto commits itself to a 'progressive tax system' to reduce the burden on the poor. While middle income earners have benefited from tax relief this year, the poor have still not benefited, as there is no zero rating on necessities such as textbooks, medicine and school clothing.

The tax reduction of 5% for corporations further shifts the tax burden to individuals. Individuals' contributions make up 42% of total tax revenue, while only 15% of tax revenue is made up of corporate contributions. This has changed dramatically from 1960 where 17% of the total tax revenue came from individuals and 43% from corporations.

### **Health**

According to the manifesto, health care is to become more affordable and accessible. It is to be funded, in part, by a Social



*How will the ANC government deliver, when the education budget has been cut?*

Health Insurance programme. The ministry plans include

- achieving efficiency;
- improving quality of care;
- speeding up transformation of training institutions,
- escalating the war on HIV-AIDS and TB;
- expanding public/private partnerships

In the context of a shrinking health budget, I am concerned about the Social Health Insurance programme which pushes employed workers to support the unemployed (in terms of paying for health care) when this responsibility should fall on the government.

#### **Worker rights**

During the election campaign, COSATU and the SACP stressed that the ruling class parties supported labour flexibility. The ANC called for advancing worker rights by consolidating existing legislation. However, the labour ministry's recently announced 15-point programme says it must, 'consider appropriate modifications to accommodate, inter alia, the needs of small

enterprises, labour intensive industries, unemployed youth, and the unemployed generally'. This call seems to be in line with the Democratic Party's call for greater flexibility of the workforce. We can clearly see whose interest is being consolidated

#### **Job creation**

In July 1999, the press announced that huge scale retrenchments were in the pipeline. It is estimated that over 50 000 jobs are to be lost in the near future

The ANC manifesto refers to the Jobs Summit as key to unlocking the job crisis. Most of the programmes adopted in the Jobs Summit, such as the special employment programmes and youth brigades, were existing government programmes. Furthermore, all the jobs are temporary jobs. I agree with the recent editorial of the *Sowetan* (13/7/99) on the job losses: '...it demands that the country's three major social partners examine the reasons for the summit's failure to live up to expectations'.



The 'post-GEAR' consensus does not deal with the needs of the oppressed.

#### Privatisation

A key demand of the workers' movement was the halting of privatisation because it would lead to major job losses and increase the price of services. Parastats' intentions are in line with GEAR's policy of privatisation. For example, Spoornet intends retrenching 27 000 workers, Telkom intends retrenching 11 000 workers.

#### Why the RDP talk?

The ANC government's policies and programmes do not represent a shift from GEAR. GEAR is and remains the programme of the ANC. ANC deputy president, Jacob Zuma, said after the release of the ANC manifesto that COSATU and the SACP had been won over and that 'nothing was going to change in terms of government policy'. As we can see, the ANC's 'RDP manifesto' is a blatant lie.

While, plenty of evidence existed before the elections that the ANC was continuing to pursue GEAR, how could the alliance partners continue to give their unconditional support to the ANC on the basis of the ANC manifesto? Was it not surprising that this manifesto was more vague than the original RDP document, and that it largely left our targets for delivery? How else, is the electorate supposed to hold the ANC accountable, if not through targets? In order to understand these questions, one must recognise that the ANC has crossed the class line and that the alliance partners have drifted into neo-liberalism.

The ANC manifesto was used to link up with the memory of the masses about the RDP on the one hand, and to sow division amongst militants opposing GEAR, on the other hand. How else was the alliance going to ensure that the working class and middle class vote ANC in a context of a strong anti-GEAR sentiment? The alliance used the masses as voting cattle instead of exposing the ANC as a capitalist party implementing neo-liberal policy. The alliance partners could have called for a conditional vote for the ANC based on demands similar to the COSATU CC resolutions.

Instead of a shift in GEAR on the part of government, we witnessed a shift to GEAR by the alliance partners. So while the alliance partners trumpet delivery, the ANC continues to implement GEAR. This is why the ANC election's manifesto is a decoy and represents a real danger for the working class in South Africa. ★

#### Reference

Sally Timmel, 'Sizing up the Budget', published in *NGO Matters*, February 1995.

Edward Cottle is the former educator and researcher for SACCWU.

# The business of truth

**D**orbyl, one of South Africa's largest industrial groups in the manufacturing and engineering industries, conducted a Transformation Commission - modelled on the Truth and Reconciliation Commission (TRC) - throughout its companies.

## Transforming the machine

Dorbyl's business restructuring has included buying new companies, relocating others and getting rid of unprofitable ones. It decided that it could not restructure without changing the way that it manages people. It decided to do this by working with the two recognised unions, the unaffiliated National Employees Trade Union (NETU) and NUMSA.

## Unblocking the past

Dorbyl established a Transformation Commission in 1996 as part of its

### Dorbyl

Dorbyl is a holding company, 61,8% owned by Rembrandt. It has divisions in auto components, construction, retail, transport, white goods, iron and steel, and mining. In a *Financial Mail* interview, Dorbyl chief executive Bill Cooper said that Dorbyl plans to do 50% of its business outside the country in the next few years. He believes 'South Africa is dead as a manufacturing base'.

*Etienne Vlok investigates Dorbyl's transformation commission and finds that while parties thought the process was successful, implementation of recommendations is more difficult.*

transformation process. It wanted 'to ensure that the issues of the past are aired, understood and left behind'. It also wanted to identify immediate blockages to full commitment and productivity.

Dorbyl appointed commissioners chosen by employees. Commissioners included church ministers and retired employees. They conducted internal truth commission style hearings and heard submissions by anyone who wanted to speak about the past.

Each division had one black and one white commissioner. One commissioner had to be totally independent and the other had to have some knowledge of Dorbyl. At each division, the employees were encouraged to talk about anything they wished. Complaints ranged from unfair labour practices and racism to a lack of job descriptions and common courtesy. There were no rules so as not to restrict anyone. 'We needed to discover,'

explains Osborne Galeni, NUMSA national organiser for engineering.

Ketan Lakhani, director of the Centre for Managed Change, facilitated the Dorbyl transformation. He argues that the commission was necessary at Dorbyl because 'like all South African companies that have a long history, it was necessary to understand the organisation's past if we were to chart the way forward'.

Galeni, who had previously been a shopsteward at Dorbyl for 13 years, supported the commission: 'The commission came about because Dorbyl was one of the worst companies regarding relationships. It blocked unions in negotiations.' There were various disputes at the company, but, according to Galeni, Cooper decided to change it: 'We agreed that we cannot go forward without going back and we therefore initiated the commission'.

The reasons for the commission can also be linked to Dorbyl's desire to compete globally. Gilbert Vusani, the NUMSA shopsteward council secretary, explains: 'The commission was initiated by Dorbyl management to promote good relations for us to compete globally.'

Both NUMSA, which is the majority union

### NETU

NETU was founded in 1995 when four unions merged. One of these unions, the Boilermakers' Union, had been organised in Dorbyl. NETU has 46 000 members, of which 30 000 are in the metal industry. According to Willie Coetzee (NETU's metal industry secretary), NETU is a multi-racial union and represents the higher categories of workers, such as tradespeople, specialised operators, and managers. Coetzee says that NETU 'offers members benefits in service delivery, representation, training, death and sickness benefits and legal representation in work-related issues'.

at Dorbyl, and NETU have been happy with the transformation process. They were represented at all the negotiations regarding the process and the commission.

'The unions were enthusiastic but perhaps a little sceptical as to the independence of the commissioners. Senior management was fully supportive. But the middle-managers were very concerned about its possible impact on their prerogative,' adds Lakhani on the different groups' reactions to the commission.

### The findings

After the commission, Dorbyl released a report on the commissioners' findings. The report found that racism and mistrust of management still existed. Galeni emphasises that the company was also found to have gone back on certain agreements. In many instances those involved in 'abuses' were mentioned by name. For Vusani, the most important results were those which identified workers' dissatisfaction and suffering.

Dorbyl management claim that they were not surprised by some of the findings. 'If we were surprised it would have meant that we did not go down to all the levels,' argues Absal Ngubeni, the group's transformation co-ordinator. Yet NETU's Coetzee believes 'management was shocked by the findings on how managers ran this place like the previous government'. Lakhani agrees with Coetzee's view that: 'Senior management was never aware of some of the issues!'

### Was it a success?

Lakhani regards this as a complex question: 'If the purpose was to identify burning issues, it was hugely successful. It opened communication channels between workers and senior management. It is now less likely that things that happened in the past will be repeated.'



*Dorbyl head office in Parktown, Johannesburg.*

The feedback that NETU received was that their members experienced the commission positively. NETU members also reported success because the commission treated everybody equally. Issues that had been swept under the carpet, such as separate canteens and toilets, came to light.

Galeni says that initially NUMSA members were afraid of the commission, thinking that managers would discipline them if they came forward. However, NUMSA encouraged the workers to make submissions. Galeni regards the commission as successful, but identifies the implementation of findings as a shortcoming. 'We should have finalised discussions and set up a way forward before the hearings. The company did not think that the report would be so severe and this impeded progress.' However, for Yusani, the commission's non-delivery makes it unsuccessful.

Lakhani attributes the limited implementation to market collapse in sectors Dorbyl operates. This shifted

Dorbyl's attention away from the findings of the commission to survival.

### **The winds of change**

NUMSA believes that the Transformation Commission brought some change. One example of change is the agreement that each region's general managers - not junior managers - meet with the unions to discuss regional problems. Dorbyl will bear the costs.

Ngubeni agrees with NUMSA. 'From the start we did not see it as a once-off thing. Although we have had ups and downs, the process survived due to the commitment of all.' He adds that the number of conflicts has decreased. 'Management is largely changing its style from autocratic to participatory and we have set up structures to deal with issues.'

### **Managerial prerogative**

The commissioners' report could not put forward a proper view on management as few managers made submissions. The managers who did, were mostly black, and

spoke about racism and intolerance of cultural diversity. Galeni explains: 'We did not get management's view. Some managers were scared because they did not know what would happen after the report.' Dorbyl tried to address this by using outside facilitators to put these managers at ease. There were also allegations that some managers discouraged workers, but top management intervened.

Vusani strongly believes that the few management submissions can be explained by managers not supporting the commission. 'They perceived it to be a waste of time and money.' Lakhani draws a comparison to the national TRC: 'The managers (mostly white) did not really make submissions because they thought the commission was for the workers (mostly black).'

Coetzee also highlights another problem: 'One still finds resistance from some line managers who do not want to leave behind the old way of doing things. They believe that their jobs are threatened by workers. They should realise that this is about the company; it must not go overseas. It must stay here and create jobs.'

Ngubeni says that some managers saw the commission as a threat. Workers were given power in the Transformation Council. The line managers saw this as eroding their own power. Lakhani explains: 'Often top management realises the need to transform but fails to convince line management. Yet the line managers are often the ones who must implement the changes. This happened at Dorbyl to a great degree.'

'This situation can be avoided by setting a budget aside to attend to these problems; working transformation issues into the performance agreements of stakeholders; and ensuring that the process is not held to ransom by middle managers,' adds Lakhani.

## TRC II?

Asked how he would change the commission if he could do it over again, Lakhani responded that he would 'improve communication, budget in advance for implementation, shorten the length of the commission and ensure that human resource managers do not own the process'. Galeni agrees: 'We would have to look at what to do after the commission and how to deal with the findings.' For Vuyani: 'If we did it over, the commission should be given powers to make recommendations and changes. This will rectify the poor delivery after the commission.'

Ngubeni would like Dorbyl to do a follow-up exercise during which he would change the commissioners around: 'In the second phase we will ensure that all identified issues have been satisfactorily addressed.'

## Endorsing the truth

When asked whether he would recommend a similar process to other companies, Lakhani emphatically says: 'I cannot see how a company can move forward without a process to leave the past behind, rather than just avoiding it. It showed how the past weighs heavily on people. I believe that this commission helped Dorbyl through some dramatic changes it undertook in response to different market conditions.' This included a major retrenchment process, including the closure of plants.

Coetzee identifies a problem for other companies who wish to do the same: 'Other businesses might not have the money to do it. The commission cost Dorbyl a lot. It has to be a long-term process. It cannot be done quickly.'

## Current relations

Another problem has emerged. Last year NUMSA engaged in a sympathy strike and its members at Dorbyl participated. 'Now,'



says Galeni 'some managers are unhappy that we went out.

They said that we targeted Dorbyl, but it was a national decision. These managers want to derail the process. There is pressure on Cooper who has effected certain changes, speaks to workers and has created openness'

### Broader transformation

As part of its transformation programme each company in the Dorbyl group established a Workplace Transformation Council (WTC) and each region established a Regional Transformation Council (RTC). Representatives are elected to the National Third Millennium Council (NTMC). Shopstewards, workers, managers and salaried staff are represented on these councils. The NTMC debates and develops policy. The RTC co-ordinates and monitors implementation and the WTC implements processes.

Galeni argues that the WTC is different to workplace forums. 'Participants discuss their problems. If the problem is not resolved at company level it goes to the RTC. If it is not resolved at the RTC it then goes to the NTMC. The shopstewards lead the workers. This addresses the workplace forum's shortcomings'

Vusani does not believe that the company is transforming, especially at the shopfloor level. 'Certain managers are resisting the transformation process and want to derail it. It is difficult to point out these individuals because senior managers do not attend regional meetings. Some shopstewards are not allowed to attend to union business during working hours even if they hold senior positions in the union'

It is not only the management that is at fault. Vusani believes that the shopstewards are not engaging management effectively on workers' interests. They are using the structures to

complain rather than push for transformation

### The truth of the matter

Dorbyl says that the commission was started to air, understand and leave behind the issues of the past. It is important to ensure that thus 'leaving behind of issues' does not mean forgetting the past. Ngubeni explains it well 'Once we have gone through the process we have not forgotten about the past, but dealt with it. This is a good foundation to build the future on'

However, in mid-1997, during its Transformation Commission, Dorbyl closed its bus company in Port Elizabeth with the loss of 167 jobs, and according to the *Financial Mail*, intends to re-open in India. According to Cooper, Dorbyl closed the plant because of a drop in demand, increasing labour costs and unfavourable tariffs. He said the lowest wages in South Africa were R1 700 a month, whereas in India the lowest wages were R150 a month. The company had met with the unions, but failed to reach an agreement on cutting labour costs. Interestingly, Cooper does not mention what managers get paid in India compared to South Africa.

Galeni believes that the old way of doing things regarding retrenchments is still prevalent at Dorbyl. It is difficult to have transformation if there are retrenchments taking place: 'Transformation does not equal retrenchments'

The truth of the matter is twofold: Dorbyl should be commended for conducting this commission; Dorbyl's closure of the bus company and its possible move to India shows that talk is fine, but at the end of the day, it's money that really matters. ★

### References

- Mpho Mantjhu, *Business Report*, 3/6/97  
Mzwandile Jacks, *Business Day* 28/5/98

# The movement's new unity

**T**he new century may herald a new era for the worker movement – a long phase of development where elusive unity is at last grasped to a far greater degree than ever before. Signs of change are now evident.

A small but significant part of this historic shift is the creative international role COSATU has chosen to play. In October this year, COSATU will host a regional conference that brings together independent unions from Asia, Australia, Southern Africa and Latin America. The conference will be held under the banner of SIGTUR – a proposed new regional trade union formation.

## **COSATU's vision**

A decade ago, Jay Naidoo, the then general secretary of COSATU, argued that 'southern' unions should unite to develop a new trade union internationalism. Consequently, COSATU committed itself to an initiative bringing together independent unions from Asia, Australia and Southern Africa. After the founding conference of the Indian Ocean Initiative in May 1991, Zwelanzima Vavi (COSATU's then assistant general secretary) and Bangumzi Sifingo (COSATU's international secretary) played an important role in advancing this international action.

Vavi was a delegate at the 1991 and 1992 conferences. His creative interventions led to a more effective

---

*Rob Lambert highlights what delegates at the upcoming Southern Initiative on Globalisation and Trade Union Rights (SIGTUR) conference will grapple with.*

---

structuring of the work when he helped establish a Regional Co-ordinating Committee. Vavi and Sifingo also strengthened and stabilised the work through seeking a common policy position with Australian Council of Trade Unions (ACTU). This was achieved at a bilateral meeting in December 1996. COSATU resolved to host the 5<sup>th</sup> conference of this initiative.

## **Deepening solidarity**

From the very early phase of its formation, the worker movement experienced capitalism as a force unconstrained by national boundaries. Mid-19<sup>th</sup> Century analysis of the change resonates in the final year of the 20<sup>th</sup> Century: 'The need for a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe. It must nestle everywhere, settle everywhere, establish connections everywhere. All old-established industries have been destroyed or are daily being destroyed. They are dislodged by new

industries, whose introduction becomes a life and death question'.<sup>1</sup>

The embryonic worker movement sought to challenge this socially destructive market logic. The initial contacts between English and French workers confronted a common 19<sup>th</sup> Century practice where bosses brought lower paid workers from Europe to England to break strikes. A leader of the London Trades Council, one of the early union co-ordinating bodies, proposed the following solutions 'regular and systematic communication between the industrious classes of all countries'.<sup>2</sup>

Despite this promising start, political division fatally undermined worker internationalism for the past 150 years. However, the present phase of globalisation, ideologically so similar to mid-19<sup>th</sup> Century capitalism described above, has, ironically, created a great opportunity to forge a vibrant, powerful internationalism, the likes of which has not been witnessed before.

There are significant signs that this is no romantic dream. At every level now, unions and workers are sweeping aside past political and ideological differences and uniting on their most important goals - the assertion of worker rights, the rebuilding of a strong movement, the challenging of a socially destructive logic of pure market relations now cutting through all nations.

Whereas, unions previously perceived new initiatives as a threat to existing structures, they now view new initiatives as complementary and enhancing of the movement more generally. Every level of the movement is finding new ways of uniting around a common cause. Each is moving together to build where unionism is weak and under threat.

Unions are developing innovative campaigns to assert worker rights. Unions are formulating alternatives to Japanese

styled workplace restructuring initiatives. Notions of 'south' and 'north' are no longer divisive, but seen as expressive of necessary responses to the shifts and contours of global economic change. In this process 'northern' and 'southern' unions work together in exposing and resisting the logic of global companies constantly chasing cheaper labour.

Workplace-community divides are dissolving as unions and community movements form alliances in common campaigns for democracy and participation for work justice, for the environment and for the empowerment of citizens now marginalised by the corporate power machine.

### **New global union agenda**

Unions everywhere have been enticed into new roles by the language of globalisation. restructure, change, become competitive, adopt world's best practice, build the nation, save jobs, free trade equals opportunity for all, grow the global economy and wealth will abound for all.

Workers' experiences of this change process have generally, without exception, been devastating. Jobs are continuously being lost before the chainsaw of downsizing, outsourcing, casualising transformation. Basic union rights are challenged in all but a few countries. Material conditions worsen for the majority, whilst a minority revels in unimaginable wealth. Uncertainty and anxiety stalk daily, eating away at the spirit and soul of the working majority. As Eric Hobsbawm observes, globalisation has produced, 'tense, mistrustful, anxiety-haunted societies'.<sup>3</sup> Everywhere the environment is plundered in the name of development, progress, profit. Politicians side with minority corporate interests, veiled by statements of their commitment to the nation's general interest.

Recognition has grown that this is a pathway to destroying the wellbeing of working people. We have to develop constructive, positive alternatives. The October meeting is one step down the road of global solidarity. Participating unions are saying, 'We know what globalisation is doing to us. Let us talk about what we can do to rebuild our base. Let us move from defensive actions to an offensive strategy, winning back what we have lost'. The conference will capture this shift in unions' thinking when it grapples with the following issues that will set the union agenda:

- reviewing remarkable solidarity action against the market logic of globalisation;
- rebuilding the union base;
- creating global social movement unionism;
- global campaigning;
- creating a unified image of the movements' vision of society;
- what is a union - work organisation or community in movement?

### Remarkable solidarity action

The conference will begin with a review of the actions of the Korean Council of Trade Unions (KCTU) against the International Monetary Fund (IMF) led drive to do away with life-time employment in Korea. KCTU organised mass strikes against the move. Hyundai workers occupied their workplaces, threatening to blow the buildings apart if the military attempted to remove them. The actions of the Maritime Union of Australia (MUA) in its fight against de-unionisation, and the all India strikes against globalisation will also set the tone of the entire conference.

These actions show that the ideology that markets decide what is best for working people may dominate globally, but, in the longer term, they have not necessarily won the day. The 'history has ended' proclamation may be somewhat

premature. A culture of solidarity may be under attack, but it is nevertheless alive, vibrant and capable of blocking the way markets are breaking down community and conditions. The review of solidarity action in some countries will serve as an example for others. This positive spirit of resistance will inform all reviews and action planning.

### Rebuilding the union base

Unions everywhere have been destroyed by capital's chase across the globe. Restructuring has disconnected unions as companies relocate and downsize their workforces. The conference will provide a forum for delegates to exchange their experiences of how unions are responding to this challenge.

How are unions fighting to retain full-time employment? (Korea is an obvious example. Here the conference is important because KCTU is saying they cannot continue along this path on their own. Inside Korea they are being challenged by business and government saying: 'Look, unions in other countries are not being as inflexible as you are. They are accepting the need for competitive arrangements'.)

How are unions tracking and re-organising casualised workers?

### Global unionism

The radical nature of global restructuring and the high mobility of capital requires a global unionism. Moves are now in place to forge sector-to-sector links across specific countries to trial run global unionism. Linkages through personnel exchanges will transmit national experiences. This will help create a readiness to act in the cause of workers in other countries for these workers will now be represented inside the collaborating union, working to raise the awareness levels.



*Delegates at the inaugural conference, Perth, May 1991.*

When Australian leaders visited the Durban docks in South Africa to personally thank workers for their boycott actions, there was a high demand for T-shirts and other symbols. These one-off meetings are valuable. Shared experience creates a real sense of international solidarity. The fact that Australian workers travelled across the Indian Ocean to say thank you had an impact. However, these positive acts do not create a global unionism. For this to happen, structural links with a degree of permanence have to be formed. Certain unions are already in the process of reviewing the form of this change and this will be considered at the conference.

Unions that are presently leading global campaigns against multi-nationals have found it essential to turn outwards and form community alliances. The multi-national mining giant that is attacking worker rights in Australia in the name of individual freedom is the same company that is cutting into Malagasy's ancient forests to mine sand. The interests of green groups and unions

overlap. As the MUA discovered, battles cannot be won without workers and the community standing shoulder to shoulder on the picket lines. The conference will explore the mechanics of these strategic shifts. The outcome will be the first building blocks of a global social movement unionism – not as an abstract theoretical idea, but as a concrete organisational shift worked through in all its detail.

### **Global campaigning**

No genuine unionist disagrees with the concept of global solidarity. However, practically, it is very difficult to achieve. This conference will seek to avoid that pitfall by focusing on limited objectives that can be acted upon and achieved.

One proposal is that unions take the international campaign the Australian mining union has been waging against the mining giant, Rio Tinto, on board. The Construction, Forestry, Mining and Energy Union (CFMEU) is keen to strategise the next steps in the campaign. The extent to

which this campaign can be progressed will be the extent to which the tools of global campaigning will be sharpened.

### Unified vision of society

In the early phase of the labour movement's existence, unions won widespread support because they expressed a vision of an alternative, more equal and just society. Unions expanded when this vision was strong and declined when the vision was weak.

Important sections of the union movement are now opposed to globalisation in its present form. We must highlight this opposition. We must fire-up the imagination of citizens trapped in globalisation's seemingly iron logic. The conference will explore ways of achieving this. KCTU suggests that we identify a key focus for May Day and organise for the movement to synchronise May Day rallies across the region.

### Community building

We will be striving to achieve all the above at the conference. However, there are also less tangible outcomes. A good conference is a community and movement building experience. To be effective, unions have to become more than mere organisations in the workplace, enmeshed in complex state legal systems, active only when the next wage round is fought, or when there is some dispute. Defending working conditions is central of course, but unions can encompass more than this. Unions will consolidate and expand to the extent that they represent communities and civilised humane values in a world where all values except efficiency have all but vanished.

Good conferences are community-building experiences. Over the past ten years, strong enduring relationships between leaders across many nations have been forged. There are memories of

vigorous debate into the early hours, the singing and dancing, but above all, the recognition of what these leaders had endured for the worker cause. The Malaysian electronics worker, who was a key leader in a strike against a large US multi-national, wept when she explained the forms of victimisation they endure. The Indonesian artist who went to the aid of a woman worker harassed by the police. He was so badly beaten and his leg broken in so many places that he remains severely disabled. The stories are told. Amovement with a sense of value is built.

The regional conference that will take place in South Africa will strive to realise these goals. The meeting is an excellent opportunity to renew a sense of shared vision, a sense of what we are struggling for. COSATU grew out of a proud tradition of resistance in South Africa. A vision of a future, socially just South Africa drove many to make deep sacrifices. These sacrifices became the motor of something special. The struggle was for a new society, not for simply rotating the faces of those in power.

The unique opportunity of hosting so many labour leaders from situations where workers and their organisations endure the most vicious attacks against their right to exist, is likely to renew that sense of struggle that has made the South African labour movement one of the most powerful and visionary in today's globalised world, where everything is measured, but nothing valued. ★

### Notes

1. *Communist Manifesto, Selected Works, Vol 1 pp109-110, 1997 edition, Progress Publishers*
2. *Fernbach, David (1974), The First International and After, London, Penguin*
3. *The Guardian Weekly, 30/6/1996*

*Rob Lambert is a South African sociologist working in Australia. He is a member of the Labour Bulletin editorial board.*

# Competitive position

By Dr Lalitha Yadavalli

Competitiveness is the ability to produce goods and services that meet the test of international markets, while citizens enjoy a standard of living that is both rising and sustainable (Tyson, 1992)

The Organisation for Economic Co-operation and Development (OECD) defines competitiveness as the ability to generate relatively high incomes and employment levels on a sustainable basis, while exposed to international competition. Today, competition is increasingly defined in terms of the ability to create value for customers

- The USA has occupied the top rank for three consecutive years, confirming its position as the most competitive nation in the world. The USA remains the leader in world competitiveness due to its ability to grow using innovations. The 'new economy' (based on the interaction between the information technology and telecom sectors) generates growth without inflation and creates new business opportunities. The USA has low inflation. It has a globalised economy and there is intense

**Table 1: The world competitiveness scoreboard, 1999**

## World

### Competitiveness

#### Report

Countries are competitive when they can provide an environment in which entrepreneurs can compete successfully.

#### The World

### Competitiveness

Report ranks countries by their competitive capability. It applies eight factor groups:

- domestic economy
- infrastructure
- internationalisation
- management
- government policy
- science and technology
- finance
- people

The following are some important features of the report.

	Rank 1999		Rank 1999
USA	1	Chile	25
Singapore	2	Hungary	26
Finland	3	Malaysia	27
Luxembourg	4	Portugal	28
Netherlands	5	China	29
Switzerland	6	Italy	30
Hong Kong	7	Greece	31
Denmark	8	Philippines	32
Germany	9	Argentina	33
Canada	10	Thailand	34
Ireland	11	Brazil	35
Australia	12	Mexico	36
Norway	13	Turkey	37
Sweden	14	South Korea	38
UK	15	India	39
Japan	16	Slovenia	40
Iceland	17	Czech Republic	41
Taiwan	18	South Africa	42
Austria	19	Colombia	43
New Zealand	20	Poland	44
France	21	Venezuela	45
Belgium	22	Indonesia	46
Spain	23	Russia	47
Israel	24		

Source: *The World Competitiveness Yearbook, 1999*

competition in its domestic market. It has a flexible labour market and an entrepreneurial culture.

- Singapore (2nd) has occupied the same position for three years and continues to pursue its objective of entering a knowledge-economy based on electronic infrastructure.
- Hong Kong fell from being 3rd last year to being 7th this year.
- Luxembourg is in 4th position, having gained five places during the past year.
- Except for Singapore (2nd), Hong Kong (7th) and Taiwan (18th), the first 23 positions are occupied by OECD countries.
- South Africa is ranked 42nd, out of a total of 47 countries. Unemployment reached 30% and violence remains an unresolved issue. (According to the World Economic Forum's latest competitiveness report, South Africa ranked 47 out of 59 countries). South Africa had been a poor performer on issues related to labour.

There has been no significant improvement in terms of South Africa's overall ranking in 1999. The economy was ranked 42nd out of 46 countries in 1998, whereas it was ranked 42nd out of 47 countries in 1999 since Slovenia was added to the list in 1999.

There have, however, been improvements in terms of the domestic economy (up five

positions), internationalisation (up three positions), management (up three positions) and infrastructure (up one position).

The factors that registered a drop in South Africa's ranking were science and technology (down five positions), government, finance, and people (down one position). This implies a greater focus on education and people.

### Labour-related factors

The people-related elements that actually weigh South Africa down on the competitive scale as far as productivity is concerned are the:

- brain drain
- education system
- unemployment rate
- shortage of skilled labour.

Attitudes such as hard work and loyalty support competitiveness. Attitudes such as increasing leisure time and pursuing individual interests do not support competitiveness. A more committed workforce is a more productive workforce.

The areas of safety and security, industrial relations, worker motivation and availability of skilled labour are the attributes directly related to the human element and require more attention in terms of policy making and improvement.

Knowledge is the key to competitiveness. A high quality of life for the people is the challenge ahead for South Africa.

**Table 2: Factors of competitiveness – the South African economy (1994-99)**

	1994	1995	1996	1997	1998	1999
Overall ranking	42	43	44	44	42	42
Domestic economy	42	42	44	42	40	35
Internationalisation	35	38	39	46	45	42
Government	38	35	37	34	31	32
Finance	26	27	31	36	31	32
Infrastructure	37	30	32	33	35	34
Management	35	38	40	37	38	35
Science & technology	28	31	34	40	39	44
People	46	46	46	46	46	47

*'The real wealth of a nation is its people. And the purpose of development is to create an enabling environment for people to enjoy long, healthy and creative lives.'*  
(The Human Development Report, 1990)



## 'It is enough'

I was born in Springs at a place called Payneville in 1945. The furthest I went with my schooling was, during those times called, form two or three (grade 9 or 10)

### 15 cents an hour

After school, I went out to find work. My first job was in a textile factory doing stock control. The factory was not unionised and I was earning only 15 cents an hour. Because the factory was not unionised, one couldn't complain or else you would lose your job. At that time I had only one child to feed.

### TUCSA union

I started understanding or engaging myself in politics in 1968. The first union I joined was a textile union affiliated under the TUCSA union. It was the only union in this region - the then Transvaal. It was made up of a group of unions that were mainly white. It was like COSATU as a federation is today.

However, after being in this union for sometime I saw that nothing was happening - there was no change. I decided to say no, it is enough. I needed to move and so did other workers who were in the union.

We were approached by another textile union that was affiliated to FOSATU - it was the NUTW, the National Union of Textile Workers. It was then based in Natal.

---

*Tiny Mabena, a SACTWU  
organiser, speaks to Sarah  
Mosoetsa, Thabo Sephiri and  
William Matlala.*

---

We opted for FOSATU because at that time it was powerful - we could see that they were doing things and that there were improvements in workers' salaries and working conditions.

### Being a woman shopsteward

I became a shopsteward at work to push the struggle even further. At that time women did not have a major role to play as shopstewards. It was unlike today where we have a say and a major role to play.

I was very lucky, I was in a team of shopstewards which was very co-operative and very strong. To be elected as a shopsteward depended on how well you could speak. Sometimes, when you were in a meeting with workers, they would assess you.

In one meeting, I challenged this woman and took her to task on a number of issues. In the next elections, she actually nominated me to be a shopsteward and encouraged workers to vote for me. She said to them "I want you to elect that woman because I can see she can talk".

From then onwards I said to myself, I was not going to accept issues without questioning them.

### **Siyalala la**

As a shopsteward, I was engaged in a number of strikes for better working conditions and salaries. My first experience of a strike was when we went out on strike for better salaries. At that time there were no procedures to say we must do this or follow that.

We used to have what were called grasshopper strikes or wildcat strikes. When management was not giving in to our demands, we decided that we would not go home - *siyalala la* - we were going to sleep over in the company until our demands were met.

### **The police**

The strike continued. Management saw the seriousness of the strike and requested that we leave the premises during the night. Managers feared that anything was possible because they knew that when workers are fed-up they can do anything. In this strike, like many others, management called the police in to protect themselves and their premises.

Those were the times where policemen were very much against any sort of strike. In those days, we used to work until 'a.m.s' - the mornings - in our respective political organisations or unions. We were operating under difficult circumstances. Other nights, when we were holding meetings (for example COSATU locals) in one of our offices, there would be a siege outside and we would be ordered to disperse.

### **Where is tea tonight?**

In Springs we came up with an approach to deal with this problem of the police and to take the process forward. With the

Chris Dhlaminis and others, we would phone each other during the day in our workplaces. But because phones used to be tapped, we wouldn't say where the meeting would be held tonight, we would say where the tea would be held.

Meetings were called tea parties. We used to hold our meetings at shebeens. We went to shebeens and those who drink would buy drinks and we would continue with our business.

The police would get so surprised to see things continuing since they thought they were monitoring the situation and were making sure that no meetings were taking place. Things were moving. At that time people were very committed.

### **As SACTWU's organiser**

I am presently an organiser at SACTWU and am involved in membership recruitment, workplace negotiations and national negotiations. I have sat in many wage negotiations.

The new LRA has definitely changed conditions of work and has given workers the rights they deserve. However, some clauses in the LRA are questionable, like the clause on workplace forums. I know that workers couldn't have agreed to it because it takes us back to the old works committees. In the works committees, management simply dictated and workers simply attended the meetings and were expected to agree to what management had already decided. The failure of these works committees resulted in the formation of many unions. There are some things that we won during the negotiations of the LRA, but we lost some to business. The LRA was therefore a compromise between us, as labour and business.

### **Leaders leaving labour**

In terms of my future with SACTWU and

the years I have been with the organisation, I think one needs to say now, this is enough. I am therefore thinking of retiring and letting young ones continue the hard work. In terms of SACTWU's own future, I think the union is faced with many challenges. There is this movement of our leaders to government or business, there is the reduction of tariffs and there are major job losses in the industry.

I think that the movement of labour leaders to government, like Mbhazama Shilowa – now premier of Gauteng, might help strengthen labour, provided they do not abandon us and all labour values, for business or government. Faced by this challenge, I think it is for us as labour to go back to our drawing boards, work hard and find new capable leaders.

### **Demonstrations**

The biggest challenge facing us now is job loss. The government is also not helping the situation by reducing tariffs. As SACTWU, we will continue demonstrating on this and making sure that workers do not lose their jobs, especially with the introduction of new technology into workplaces.

### **Investment company**

Other than these challenges facing our organisation, there are also positive things like an investment company and the possibility of a merger.

While many argue that their investment



companies are not working, our investment company is working really well. While it was thought that the money generated by the investment company would be used to improve the salaries of officials, it is in fact being used for the benefit of workers.

Workers are getting their money back. We have funeral covers that cover everyone in the family including still-born babies. The workers also receive bursaries for their children who want to further their studies.

These investment companies also assist workers in buying their own homes. With the little money that they are earning, they cannot afford to buy houses for their families, therefore investment companies help a great deal.

SACTWU is looking at merging in the future. At the moment we are going to enter into discussions with FAWU, SACCAWU and other independent unions, and we hope something will come out of that. ★

## ***glossary***

---

ANC	African National Congress
BEC	Branch Executive Committee
BCEA	Basic Conditions of Employment Act
CC	Central Committee
CCMA	Commission for Conciliation, Mediation and Arbitration
CEC	Central Executive Committee
COSATU	Congress of South African Trade Unions
DP	Democratic Party
EPZ	Export Processing Zones
Exco	Executive Committee
FEDUSA	Federation of Unions of South Africa
GATT	General Agreement on Trade and Tariffs
GDP	Gross Domestic Product
GEAR	Growth, Employment and Redistribution strategy
IFP	Inkatha Freedom Party
ILO	International Labour Organisation
LRA	Labour Relations Act
MEC	Member of the Executive Committee
MP	Member of Parliament
NALEDI	National Labour and Economic Development Institute
NACTU	National Council of Trade Unions
NEC	National Executive Committee
NEDLAC	National Economic Development and Labour Council
NGO	Non-governmental Organisation
NNP	New National Party
OAU	Organisation of African Unity
RDP	Reconstruction and Development Programme
SACP	South African Communist Party
SADC	South African Development Community

SMME	Small, Medium and Micro Enterprise
UIF	Unemployment Insurance Fund

### **COSATU-affiliated unions**

CAWU	Construction and Allied Workers' Union
CEPPWAWU	Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union
CWU	Chemical Workers' Industrial Union
CWU	Communication Workers' Union
FAWU	Food and Allied Workers' Union
IPS	Institute of Public Servants
NEHAWU	National Education, Health and Allied Workers' Union
NUM	National Union of Mineworkers
NUMSA	National Union of Metalworkers of South Africa
POPCRU	Police and Prisons Civil Rights Union
SAAPAWU	South African Agricultural, Plantation and Allied Workers' Union
SACCAWU	South African Commercial, Catering and Allied Workers' Union
SACTWU	South African Clothing and Textile Workers' Union
SADTU	South African Democratic Teachers' Union
SAMWU	South African Municipal Workers' Union
SARHWU	South African Railway and Harbour Workers' Union
SATAWU	South African Transport and Allied Workers Union
SASBO	The Finance Union
TGWU	Transport and General Workers' Union

# Introductory Course to SPSS

## What?

Learn how to use the Statistical Package for the Social Sciences (SPSS)

## When?

A three day comprehensive introductory course to SPSS is on offer on the following days:

6, 7 & 8 October 1999 or 13, 14 & 15 October 1999

*(Choose which 3-day course is most convenient for you)*

## Where?

The Sociology of Work Unit (SWOP) at the University of the Witwatersrand in the New Training Laboratory

## Who Should Attend?

First-time, uninitiated researchers at various organisations:

- Trade unions
- NGOs/LSOs
- Government
- Corporate
- Universities

## Why?

You will be enabled to use SPSS fully and finally do the following:

- Reduce time collecting and preparing data for analysis
- Reduce errors in coding and capturing
- Analyse data in-depth using statistics and charts
- Present results clearly using reports and graphs

## Cost?

R2 000 per person (incl.VAT). There may be a union subsidy available.

### Contact:

To register for the course or to find out further information, please contact:

Christine Psoulis, SWOP office

Tel: (011) 716-2908 Fax: (011) 716-3781

e-mail: [029psoul@muse.wits.ac.za](mailto:029psoul@muse.wits.ac.za)



## Mineworkers Investment Company

www.mic.co.za  
mic@mic.co.za

### MISSION

in partnership to build a better future

### OBJECTIVE

to create an asset base to fund the delivery of social benefits to mine and energy workers and their children

### FOUNDED

July 1995 by NUM National Executive Committee

### OWNERSHIP

100% Mineworkers Investment Trust

### TRUSTEES

NUM National Office Bearers

### SEED CAPITAL

R3,0 million donation by NUM

### BENEFITS

JB Marks Bursary Trust  
Mineworkers Development Agency (Section 21)  
Elijah Barayi Memorial Training Centre (Section 21)  
NUM Properties (Pty) Ltd

### DIRECTORS

appointed by the trustees

### FUNDING

raised commercially from third party institutions  
*(no investments on behalf of workers pension and provident funds)*

### BENEFITS DELIVERED

1997 - R 3,0 million  
1998 - R 7,0 million  
1999 - R 8,0 million

### MAJOR ASSETS

Hosken Consolidated Investments Ltd 21%  
Rebhold Ltd 12%  
Mathomo Group Ltd 35%  
Johnnic Ltd 1,5%

### SPONSORSHIP

MIC Mining News annual inter-mine soccer tournament  
MIC Mining News team versus PSL side  
MIC News ( 50 000 copies)

