

Editorial



FROM THE EDITOR

The debate on the Tax Amendment Act took centre stage as unions condemned government attempts to 'privatise' workers' deferred wages through compulsory preservation of provident funds. Irvin Jim, National Union of Metalworkers of South Africa (Numsa), general secretary, argues that workers have a right to choose what they want to do with their money.

Similarly, the Congress of South African Trade Unions (Cosatu) gives a historical and contextual overview of the federation's calls for a comprehensive social security system and wants the debates to be finalised through the National Economic Development and Labour Council (Nedlac) processes. A comprehensive social security system can reduce poverty.

Kally Forrest writes that the Marikana Commission of Inquiry is a lost opportunity to bring justice to the miners who died and to those who were injured. For example, the Commission did not make recommendations where it mattered most like on compensation for the families and the injured. The legal approach taken by the Commission was not useful in what could have been

obvious conclusions as to who shot and killed the striking workers.


Platinum mining has not brought benefits to communities around Rustenburg as poverty and inequality continue to be the norm in the communities of Matebeleng, Number 9 informal settlements in Rustenburg, as well as at Luka Village in the Bafokeng area. Joseph Mujere looks at the nature, impact and meanings of service delivery protests among communities living close to platinum mines through their history.

Shakira Choonara and John Eyles applaud the National Health Insurance (NHI) White Paper as progressive. Among other things, the Paper sought to address the inequalities of the past in the provision of health care. The private health sector, which has most of the human and financial resources, is also seen as inadequate in providing health care to all. Therefore, the public health sector which caters for the majority should be funded under the NHI.

Fundi Nzimande argues that whilst tremendous strides have been made at government level in affirming and increasing women leadership in parliament, in cabinet and in the bureaucracy,

this has not been mirrored in the private sector and in broader civil society. Socioeconomic and policy interventions introduced to mitigate the conditions and the status of women fail to take root because of patriarchal resistance.

Glen Cormack argues that the South African labour market remains largely untransformed, failing the opportunity presented to contribute to the wider transformative 'Constitutional Project'. The article is a reflection from over 20 years' experience in the Commission for Conciliation Mediation and Arbitration (CCMA) and Bargaining Council dispute prevention and resolution processes. He makes use of certain key labour market indicators.

On climate change, Asbjørn Wahl argues that 'the social, political and economic power to stop global warming will not come from the economic and political elites that govern us and control big oil and big finance. Only massive pressure from below, from a broad coalition of trade unions, other social movements, environmentalists and others can save us from the climate catastrophe'. 

Elijah Chiwota
Editor

The South African Labour

Bulletin's mission is to:

- provide information and stimulate critical analysis and debate on issues and challenges that confront workers, their organisations and their communities; and
- communicate this in an accessible and engaging manner.

In so doing the SALB hopes to advance progressive politics, promote social justice and the interests of the working class.

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Involve communities in primary health care



Last year concerned residents, members of community health forums and non-governmental organisations marched to the Western Cape Provincial Legislature in protest of the Health Facility Boards and Committees Bill. The National Health Act provides a framework for a structured health system, which takes into account the obligations imposed by the Constitution. This Act gives power to the people to take ownership and responsibility of health services in partnership with health-care workers, through community participation. Community participation is universally acknowledged as a pillar of effective primary health care (PHC) and it underpins the right to health.

The Western Cape Health Facility Boards and Committees Bill was drafted with the intention of enhancing peoples' involvement in the governance processes of hospitals and primary health-care facilities, and was described by MEC Professor Nomafrrench Mbombo as a 'significant milestone in strengthening community involvement in PHC services'. The intention of the Bill was to provide an explicit policy framework to allow for community involvement and oversight in the provision of health services especially at PHC level.

Community members place trust in these health forums, some of which have been in operation

for more than 20 years. These forums strive for quality services and client-provider relationships, dignified and humane treatment of patients, opportunity for feedback on services and promote the sense of responsibility and ownership of health services by the community. Therefore, it is no surprise that community participation through these structures has been linked not only to improved health outcomes, but to a strengthened health system.

The People's Health Movement South Africa (PHM-SA) stands in solidarity with the Cape Metro Health Forum in voicing a grave concern for the implications of the Bill. First, an apparent top down approach by the provincial government in appointing these committees without due community involvement in their election, will lead to decision-making that is outside of community control. Furthermore, the proposed clustering of the health committees at a level higher than that of the community will undermine the unique representation that each committee currently has, and this approach will ultimately work against strengthening the health system through community participation. This threatens the very essence of and rationale for community participation on the right to health.

PHM-SA is dismayed that the proposed new Western Cape Health Facilities Boards and Committees Bill will change the type of community engagement and representation currently allowed, through increased dictatorship to communities regarding who is permitted to serve on their respective health committees. MEC Mbombo herself mentioned that health is about the lives of our people, and that it cannot be turned into a political football. However, the Bill seems to do this.

Communities must retain the right to be involved in and inform appropriate models of health care, to be able to hold authorities accountable and to ensure their health needs are met at community level, and that these needs are recognised and dealt with within the overarching social and economic determinants of health. Without this, we will fall short of creating a health-care system that serves the needs of the people. ^{LB}

*People's Health Movement
South Africa*

Don't privatise workers' money

Repeal tax amendment laws

The tax amendment laws seek to privatise workers' money so that the state will be absolved from paying grants and pensions. Workers are demanding to choose what they want to do with their money, writes **Irvin Jim**.

As if all this was not bad enough, the South African capitalists, who daily rob workers of the fruits of their labour, have convinced the African National Congress (ANC) government, to let them carry on robbing workers even after they stop working, by stealing from the small amount of their pitiful wages which workers have saved for their future.

The government has signed into legislation new 'tax amendment' laws, which will prevent workers from taking most of their provident fund contributions when they retire. Instead they must take the majority of it as a monthly amount, for as long as they may live.

We at the National Union of Metalworkers of South Africa (Numsa), state that without abolishing the apartheid economy and society, no meaningful provident or pension fund system can be established in post-apartheid South Africa. South African capitalism feasts on the poverty, unemployment and low wages, and extreme inequalities afflicting the black working class.

We urge all workers to unite to defeat this law and demand that this legislation be repealed immediately. Government must also urgently introduce a comprehensive social security system on which workers must be fully consulted before any proposal goes before parliament.

The apartheid wage system, which crushes millions of black workers in employed poverty, must be abolished:

- A national living wage must be introduced with speed.
- A comprehensive national health insurance system must be created.
- The working-class housing crisis must be resolved.

Legislation must be made to radically transform the trillion rand lily-white and capitalist retirement industry in South Africa and place it under workers' control.

This is workers' own money - part of their wages. Previously workers had a choice: they could take all their retirement money as a lump sum or they could use it to buy a pension. From now on, they will be forced to receive the majority of it as a pension, through what is called 'annuitisation'.

From 1 March this year onwards, the law will apply to all workers, apart from those over 55. This is an attack on workers' basic rights, in particular on young workers, who will be most affected, as they have their whole working life ahead of them, so all their savings will be affected.

What makes it even worse is that these laws have been pushed

through without agreement having been reached at the National Economic Development and Labour Council (Nedlac).

During our militant struggles of the 1980s the workers' movement fought for the right to choose whether to take a lump sum when they retired or to receive a pension. To this end the Cosatu that we knew then fought to convert those pension funds into provident funds. But now the ANC/South African Communist Party (SACP) government is reinstating the original apartheid pension system. Our members demanded then what they are demanding now: the right to choose.

The basis of this policy lies in the ANC's key policy document, the National Development Plan (NDP) which in Chapter 11 says:

'The Commission supports the proposals made by the government task team on retirement reforms led by the Minister of Finance (Trevor Manuel was the minister at that time):

- improving governance of retirement funds
- harmonising the contributions to and benefits from all retirement funds
- phasing in preservation requirements to improve financial security in retirement
- reforming the annuities market.



Warming up for a march: Numsa members wait for a march against corruption to begin in Newtown, Johannesburg.

At the core of our opposition is that the ANC neo-liberal government ignores the fact that millions of working-class people live in grinding poverty.

These will ensure that a significant majority of those who are in formal employment and contributing to private/voluntary pension schemes are protected on retirement, relieving the pressure on public finances.

In plain language that means that workers will be required to use their savings as 'grants' so that the state does not have to pay them. It is a fundamentally neo-liberal law and a form of privatisation, given that the retirement fund companies are overwhelmingly owned and run by financial capitalists, who use the workers' money to invest where they can make big profits.

This form of privatisation of retirement is an even more toxic privatisation than most other forms, as it uses the workers' own money.

The argument of the Treasury, ANC and business is that workers must be forced to save in order to invest in, and grow, the capitalist economy, thus converting workers' savings actually into state pensions and grants. By this deceitful device, the state will save on grants and state pensions!

That is why we demand the nationalisation of the industry, under workers' control, so that the money in these retirement funds is used to build houses, schools and hospitals and improve the lives of workers and the poor.

At the core of our opposition is that the ANC neo-liberal government ignores the fact that millions of working-class people live in grinding poverty. They are

blind to the fact that hundreds of thousands of workers are deep in debt after struggling to survive on poverty wages and we still have no comprehensive social security, national health insurance scheme or a national living wage.

Retiring without being able to choose to cash in provident fund money will plunge thousands into abject poverty, because, in the circumstances, they see this as their only possible lifeline. When this is no longer accessible, they know they will face immediate destitution. ^{LB}

Irvin Jim is the general secretary of the National Union of Metalworkers of South Africa. This article is an extract from a Numsa press statement.

Comprehensive social security for workers

Scrap taxation amendment laws

The signing into law of taxation laws to preserve provident funds has met with anger from workers. The **Congress of South African Trade Unions (Cosatu)** outlines why it objects to the laws.

Retirement insurance in South Africa began in 1928 with the passing of the Pension Funds Act. Like all other social policies, it was originally primarily intended to cover whites, the poor-whites in particular, and to some extent the coloured people. Interestingly, this was a non-contributory pension scheme, whereby only the employers made contributions. In the aftermath of the Second World War, in response to the resultant widespread poverty and income insecurity, the British government published the Beveridge Report, whose recommendations called for a comprehensive social security system leading to the creation of its famous National Health System (NHS). This report became considerably influential across the world at the time when many countries were generally committed to addressing poverty – in the context of the end of colonisation, independence and socialist struggles inspired by the Soviet Union. Even though some governments had already begun introducing social security schemes, from then onwards a lot more

followed such as a range of social insurance plans, including public pension schemes.

Social democratic states such as Sweden, Norway, Finland, Denmark and Iceland emerged – pursuing more public and expansive nets of social provision. These countries set the benchmark in guaranteeing everyone's right to a pension (and other social provisions such as citizenship rights), including impoverished senior citizens with no record of contributions before their pension days. Together with other social insurances, these measures rolled-back the market and that social reproduction was largely kept as the responsibility of the state and capital, rather than shunted to the workers either as individuals or as part of an exploited class. More importantly, these countries introduced their extensive social security provisions at the time when they were relatively poor. Thus, these extensive social measures became directly instrumental in the development of the economies of these countries.

In the South African public debate about social security reforms,

including in relation to the Basic Income Grant (BIG) and National Health Insurance (NHI), neo-liberals have virtually succeeded in creating a conventional wisdom in society that these extensive social security provisions are only possible in rich countries or that the country must first develop economically before it can embark on such policy interventions. In contrast to most of these countries that substantially extended social security after the Second World War, South Africa stuck to its largely privatised retirement insurance system covering white workers in the private sector, alongside the huge public sector pension funds including those established by parastatals. With the apartheid job-reservation policies in place and since social insurance provisions were linked to employment, the design of the retirement insurance schemes was typically reflective of racial discrimination – benefiting white people in the main. Thus, the low-skill, migrant and weekly paid workers who were all African were excluded in terms of the 1956 Pensions Act.

However, by the 1970s, the rising black trade unions began to expand workplace demands with the broader socioeconomic rights and the political struggle. In part, this influenced the Riekert Commission to propose a range of reforms pertaining to existing racial discrimination in the labour-market, with a view to maintain social exclusion of black people mainly through market-forces. Thus, in the wake of these cosmetic reforms in the labour-market, including the uplifting of the banning order on black trade unionism, over time black workers scored some gains in their workplaces and in the apartheid labour-market in general, including securing agreements that covered retirement insurance.

Hence, this struggle saw many Cosatu affiliates achieving provident funds in the 1980s and 1990s. Despite the historical importance of this struggle and its gains, and the fact that an overwhelming majority of the workforce prefer provident funds because they allow for lump sum payment upon retrenchment, change of employment or retirement, provident funds remain inferior from a social security point of view because of their defined contribution benefit structure. Another shortcoming is the fact that in the long term the cash runs out, leaving the worker to lead the rest of their life in poverty. However, the question of the preservation of funds, important as it is in terms of the long-term transformation of the retirement system, is not a straight-forward question given the high-level of unemployment and lack of any social protection for the unemployed in SA.

Today the South African retirement insurance system is mainly characterised by private occupational and individual insurance schemes, in which

the for-profit private asset management companies are responsible for administration and investment of the workers' retirement savings, including some of the assets of the public funds. Thus, in the past 25 years there has been a shift towards the defined contribution model in the wake of the rise of neo-liberalism.

RETIREMENT INSURANCE LANDSCAPE

Outside the public sector funds, the South African retirement insurance system evolved largely from a fully privatised arrangement based on occupational and individual forms of cover. Thus, in contrast to most countries, the insurance system has been remarkably peculiar in the absence of a mandatory form of insurance, publicly administered earnings-related retirement system across the economy. Hence, the system is currently fragmented and goes against the social security principles of solidarity. Instead, in the private sector it is the middle and high income earners who are properly insured and who largely enjoy public subsidies in the form of tax rebates, which are meant to be incentives to encourage retirement savings. Government subsidises private retirement provisions through Tax Expenditure Subsidies (TESs) which were worth about R17-billion in 2009.

Currently in South Africa there are more than 2,700 retirement funds. Excluding the double-counting caused by those participating in more than one fund, the actual numbers of active members or contributors is estimated to be six million. Excluding agricultural and other unspecified workers in terms of the Labour Force Survey, the total potential contributors are 12-million, whilst the total number of workers without

any retirement insurance is about half of the workforce. Like in the private health industry, the extortionately high costs of administration impact significantly on the benefits delivered. For instance, the final value of retirement payouts tend to be grossly small compared to the last wage received before retirement. It is estimated that the administration costs ratios for most policies range between 26.7% and 43.2% - meaning for every rand in the contribution.

Whilst government blames this on poor levels of transparency and lack of price competition, in reality this is consistent with experiences where there has been privatisation of social security services as we know even with the private medical industry. In SA, this is compounded by poor regulatory laws and the lack of capacity to monitor and enforce the law. Hence virtually all pension fund members pay administration charges that are exceedingly higher even relative to the international norm and administration costs are even higher in smaller funds.

Retirement insurance is usually combined with other ancillary benefits, such as the post-retirement medical insurance, death and disability benefits. As many employers moved from the defined benefit to defined contribution model over the past two decades or so, they have also been removing the post-retirement medical provision. Current arrangements to pre-fund post-retirement medical scheme obligations are fragmented, lack transparency, and are generally not transferred when employees change employment. Cosatu has always been at the forefront of finding solutions to the issue of ensuring that workers do not struggle to make ends meet after retirement.



Marching against corruption: Workers do it in style.

As far back as 15 years, we made submissions to the Committee of Inquiry into a Comprehensive System of Social Security for South Africa, chaired by Professor Vivienne Taylor. The Committee was mandated to conduct research and to advise government on a social security policy reform process. This involved, among other things, examining the poverty problem in SA, looking at the current social security system including existing social grants, and making recommendations for reform. In

May 2002 the Committee released its consolidated report which highlighted the critical role of the right of access to social security and assistance for reducing poverty. The final report was submitted to the Minister of Social Development and amongst other many challenges, the Committee identified the following:

- minimum contribution
- low-cost national savings scheme (national social security)
- investment (local and international)

- passive investments
- fragmentation of funds
- administration
- tax on retirement funds
- exclusion (lack of compulsion for retirement funds)
- basic income grant.

The Department of Social Development (DSD), as the leading and the custodian of social security matters, subsequently released a number of papers that were never tabled at the National Economic Development and Labour Council (Nedlac) for comments because this matter affected a number of departments across government. What came out sharply from the Taylor report (which Treasury never liked) was that it would be wrong and imprudent to address social security reform on a piece-meal basis. This proposal gave birth to the conclusion that SA needed a Comprehensive Social Security System to address the problem of fragmentation and double dipping by some while leaving nothing for others. Hence the decision was taken by social partners between 2006 and 2009 at Nedlac that government be given some time to develop an inter-departmental paper and present it at Nedlac for discussion by social partners.

While this was happening Cosatu continued to work together with the DSD on a number of issues including recommendations on retirement. The government Inter-Departmental Task Team (IDTT) was established in the main by the following government departments, Treasury, Social Development, Transport, Labour and Health, led by DSD. Government disagreements played themselves out in the IDTT and Treasury continuously killed any paper that was not their product. In 2011, a paper on comprehensive social security and retirement reform was stalled within government by the Inter-Ministerial Task Team simply

The federation continued to consistently remind Treasury officials including their foreign consultant from London, that preservation could not and would not be implemented outside the Comprehensive Social Security and Retirement reform, as agreed in Nedlac.

because Treasury was not happy about the outcome of that process. Politically, the 2009 Alliance Summit discussed issues arising from its Social Transformation Committee and came with clear recommendations. There was convergence on developing comprehensive social security and retirement reform proposals for discussions at Nedlac.

Since then the African National Congress (ANC) has been fully behind the release of the Comprehensive Social Security and Retirement reform paper and the 2015 ANC National General Council (NGC) instructed the government to table the Comprehensive Social Security and Retirement reform paper in Nedlac before the end of 2015. This was ignored by government.

TAXATION LAWS AMENDMENT ACT 2013

The law was passed by parliament in December after being released for discussion by Treasury in 2011. Cosatu and other federations outside of the Nedlac processes were engaged after releasing the draft Taxation Laws Amendment Bill (TLAB). The following issues were raised:

- the cost of running retirement funds
- non-payment of contributions by delinquent employers which they wanted criminalised
- clarity on fiduciary duties of trustees and being able to remove unfit and improper trustees.

We supported all of the above issues but during engagements with Treasury we discovered they had introduced preservation in

the draft Bill through the back door. It became obvious that the intention of Treasury was to use the TLAB tax harmonisation paper to hide their intention to sneak the preservation of retirement funds. We made it very clear to government officials that there was a deep seated anger from trade unions, particularly Cosatu affiliates, about the changes to the provident funds. We reminded them that workers had a history of fighting for the creation of these pension funds under the apartheid government.

We rejected the preservation clauses and made it clear that it could not happen without workers' consultations and consent. We further reminded them that the piece-meal and fragmented approach could only be resolved if they tabled the inter-department paper on Comprehensive Social Security and Retirement reform at Nedlac for engagement.

ON PRESERVATION

The federation continued to consistently remind Treasury officials including their foreign consultant from London, that preservation could not and would not be implemented outside the Comprehensive Social Security and Retirement reform, as agreed in Nedlac. We explained that no policy change could be sustainable in the current environment of high and stubborn unemployment and poverty without a clear social security system in place. We also argued that we needed to prioritise the coverage of vulnerable workers who earned low wages, had no job security

and no retirement funds and also the cost of running retirement funds which was high as opposed to preservation.

The discussions deadlocked with Treasury because we were adamant on no preservation without the paper and outside Nedlac. However, Treasury abandoned our discussions and went to parliament to lobby for the enactment of this Bill into law, totally abandoning the consultation process with workers. In January 2014 we demanded that they table the Act before Nedlac for discussions but they tabled it the following month with all the complications and difficulties that it was already a law. We rejected it and threw it out of Nedlac and explained that it was not going to replace the Comprehensive Social Security paper that we were promised.

When the issue leaked to the public, there was widespread panic with workers resigning en masse and the federation had to do a lot of clean up. We dealt with the Treasury manufactured crisis by telling workers not to resign and that government was not going to nationalise their funds. We also called on service providers to stop exacerbating an already worse situation by preying on and misleading workers further. We convened a meeting with the then Finance Minister Nhlanhla Nene under the auspices of Nedlac and raised concerns around Treasury's unilateral recklessness in dealing with workers' retirement savings.

We agreed in a subsequent bilateral meeting to postpone the implementation date by two

financial years. However, the standing committee on finance reduced the postponement period to only one financial year instead of the two years we had wanted to allow for the Comprehensive Social Security paper and also to engage on these issues that had resulted in a deadlock. But government did not release the paper even though Minister Nene had promised that we were going to get it before the end of 2014. In July 2015, Treasury told us in a bilateral meeting that they were moving ahead with implementation in less than eight months. We reminded them that they had promised to release the paper before the end of 2014 and we insisted that everything be put on hold.

In September 2015, a Nedlac Task Team convened with all social partners and made it clear to government that there would be no movement unless the paper was tabled. They left the meeting with a clear understanding of what was needed from them for negotiations to proceed. Yet the week after the minister was in parliament tabling the amendments to the law therefore giving a clear sign that they had decided to abandon Nedlac and were going it alone. A meeting was convened by the chairperson of the Standing Committee on Finance who delegated the chairperson of the Adhoc Committee to meet with the federation and the minister in another attempt to resolve this matter. The meeting failed to deliver a solution. The leadership of Cosatu then met with the president to brief him about this legislation, raise our concerns and asked him not to sign it. Unfortunately, we learned in January that the Bill had been signed on 24 December 2015 - a day before Christmas, when workers and the country were on holiday.

OBJECTIONS

- The law introduces the concept of preservation through the back door without an agreement at Nedlac. From 1 March 2016, new contributions to any retirement fund will be subject to the same tax dispensation, and these contributions, and growth on them, will be subject to the same annuitisation requirements when members retire (that is, that no more than one-third may be taken in cash and the rest must be taken in the form of a pension).
- The law as it stands will destroy all provident funds as we know them and create only massive profits for the private sector as workers will be expected to buy annuities.
- It criminalises the right to choose and signals the emergence of an overbearing state that wants to have a say in how and when workers can spend their money.
- The poor will end up subsidising the rich because poor workers with no medical aid and working in vulnerable and exposed workplace environments have a high mortality rate.
- The systems of employers and service providers are not ready for this law.
- We are still unhappy with the piece-meal approach in the absence of a holistic framework as a reference point as agreed in Nedlac.
- Some elements of social security are implemented in different government departments where double if not triple dipping takes place and some citizens have benefited.
- The failure by government to release the paper on Comprehensive Social Security over many years of waiting is a sign of a Treasury that is amok and running the country with no mandate from workers.

- The laws are being used as a cash cow by unscrupulous service providers, who were advising workers to cash in their money and to invest it and/or create annuities for them, failing to advise them on the tax implication and high fees for their brokerage.

COSATU DEMANDS

Our position has not changed.

We reject the piece-meal approach to retirement reforms.

We demand a total scrapping of this legislation to allow genuine engagements as agreed in the past until there is agreement by Nedlac constituencies and call on government to release the Comprehensive Social Security and Retirement reform paper without any further delay.

Retirement funds are deferred workers' wages. Neither government nor employers have any business interfering.

We reject the notion that workers, black workers in particular, cannot manage their financial affairs. This is not only an insult to workers but smacks of racism. We established provident funds precisely to cater for our retirement.

South African policy development is not for sale. We have serious issues with the foreign or semi-foreign consultants who have no clue about our labour market and political dynamics but lead government discussions on this very important matter. We are ready to sit down and discuss the road-show programme as discussed with the minister in Nedlac and re-commit ourselves to speedily address the challenges the industry is facing but only if this piece of legislation is scrapped. ^{LB}

This article is an edited version of the Cosatu fact sheet on the Taxation Laws Amendment Act.

National minimum wage

Reducing poverty and inequality, spurring economic growth

Expert statistical modelling commissioned by the University of the Witwatersrand's **National Minimum Wage Research Initiative (NMWRI)** reveals that a national minimum wage in South Africa would considerably reduce poverty and inequality while spurring economic growth, without significant adverse effects.



The findings from the modelling concluded:

- **By boosting wages a NMW increases spending thereby inducing higher output in the economy.** GDP growth increases by an additional 0.5% per year for higher levels of a NMW. A NMW provides a considerable boost to incomes, consumption, and output. Total employment expands too.
- **Higher wages mean a higher quality of employment in the economy.** This occurs in two ways: employment shifts within the economy and workers earn a fairer wage.
- **Short-term increases in the unemployment rate are minimal relative to the deep reductions in poverty and inequality.** In all scenarios the number of people employed increases as a result of the economy and output expanding – although the unemployment rate rises marginally. When set at the highest level, a NMW increases unemployment by only 0.2% over the five-year period modelled; a range of complementary policies could offset this. Reductions in inequality and poverty are significant.

- **A NMW is an effective tool to decrease inequality and poverty in South Africa.** The percentage of the population living in poverty decreases by a substantial 1.3% to 2.6% as a result of a NMW. The Gini index measuring inequality decreases by between 0.4% and 1.7%.
- **Lower-income households stand to benefit most from a national minimum wage.** Poverty decreases particularly strongly among the bottom 20% of the population. For the highest NMW modelled, the poverty rate in 2020 for the bottom fifth of the income distribution is 9% lower at 60% compared with 69% in the baseline scenario.
- **Significantly stronger adverse effects are not found at progressively higher levels of a NMW indicating flexibility in the level at which a NMW can be set.** Higher levels of a NMW are found to moderately increase the unemployment rate while substantially further reducing poverty and inequality, and increasing output. Compared with a low minimum wage, a higher minimum wage results in an additional 0.3% gain in Growth Domestic Product (GDP), an average wage 20% higher, and poverty falling by a further 2.3 percentage points. The unemployment rate is on average 0.1% higher.
- **A NMW helps to establish the conditions for sustained higher economic growth in the long run.** It should be used in conjunction with complementary policies to increase productivity and industrial diversification. International experience indicates the potential for complementary policies to leverage higher wages to more strongly increase productivity and expand employment and industrial diversification.

MODEL DETAILS

Wits University's NMWRI commissioned Applied Development Research Solutions (ADRS) to undertake this modelling. This was done using ADRS's Dynamically Integrated Macro-Micro Simulation Model (DIMMSIM) of South Africa, constructed over the last 15 years. This is a non-linear inter-temporal dynamic model, which incorporates the aggregate economy and households, allowing feedback between the two.

The micro component of the model includes a full microsimulation of taxes and transfers. Its macroeconomic component consists of more than 3,200 equations and more than 400 behavioural equations. It is built using modern time series estimation methods. The equations capture the structure of the National Income and Product Account (NIPA) in a highly disaggregated manner that includes seven estimated variables for 41 economic sectors:

- 45 categories of investment
- 45 categories of employment
- 45 categories of average remuneration rates
- 45 categories of outputs
- 45 categories of exports
- 45 categories of imports
- 103 categories of prices
- 26 categories of private consumption expenditure
- 16 categories of private sector's income and expenditure
- 16 categories of households' income and expenditure
- 28 categories of government sector income and expenditure.

FOUR SCENARIOS

Raising wages to levels defined in each scenario simulates the implementation of a national minimum wage. The analysis thus far covers five years; a longer-term analysis is currently being undertaken.

Baseline: This is what the South African economy would behave like if no NMW was implemented. It is 'business as usual', premised on current policies and following the existing growth path. The simulation compares four scenarios against this 'baseline scenario'.

Minimalist: The first scenario is a 'minimalist' one with a national minimum wage in 2016 set at R2,250, slightly above the current lower sectoral determinations. This is then adjusted for inflation each year after that.

Maximalist: The 'maximalist' scenario sets a national minimum wage at R6,000, covering about 65% of full-time workers. It is increased annually by inflation plus 2% to close the gap that has emerged between labour productivity growth and growth in real wages.

This scenario sets three 'tiers' for very low-wage sectors, an established international practice. Agricultural workers earn 80% of the national minimum wage, domestic workers 70% and employees of the government's Expanded Public Works Programme 60%.

The third and fourth scenarios are 'indexed'. They benchmark the national minimum wage against a certain percentage of the average wage – also an established international practice – and gradually increase it over time. Tiers are also used.

Index 40%-45%: The first indexation scenario starts at 40% of the 2015 average wage for full-time workers, R3,467, and increases yearly to reach 45% by 2020 (adjusted for inflation).

Index 45%-50%: In the second indexation scenario the starting point is 45% of the 2015 average wage for formal sector full-time workers, excluding agriculture and domestic work, an amount of R4,623. This is gradually increased to 50% of the inflation-adjusted average. The higher amount ensures that workers earn enough to meet their basic needs, the central purpose of a national minimum wage.

This very slight increase in the unemployment rate fits the pattern observed internationally. It is a minor trade-off when considering the significant increases in the wages of wage earners, increases to household income (shared with the unemployed) and positive growth effects. In all scenarios labour productivity increases marginally.

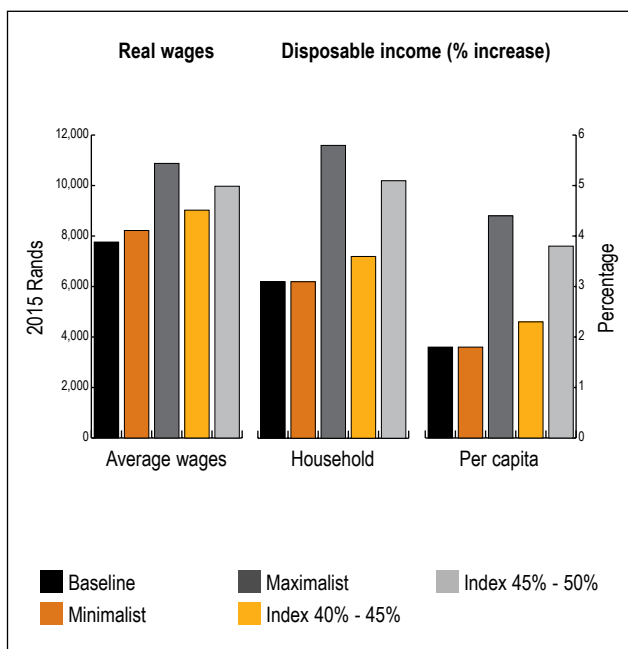
REAL AVERAGE WAGES AND DISPOSABLE INCOMES INCREASE

The impact on incomes is understandably positive and leads to rising household spending.

Figure 1 shows that average real wages for full-time employees are higher than the baseline in all other scenarios. The maximalist scenario, unsurprisingly, has the largest impact, increasing average real wages by 28% to R10,877 by 2020. The minimalist scenario produces the lowest increase, reaching R8,219, just above the baseline scenario of R7,779. Wage increases disproportionately benefit the poorest.

Given the rise in wages we see an increase in per capita and household disposable income, meaning that household spending increases. The indexation scenarios fall between the minimalist and maximalist positions with the 45% to 50% indexation scenario producing average annual increases of 5.1% and 3.8% to per capita and household disposable income respectively.

Figure 1: Real wages and average annual increases to disposable income (2016 – 2020)

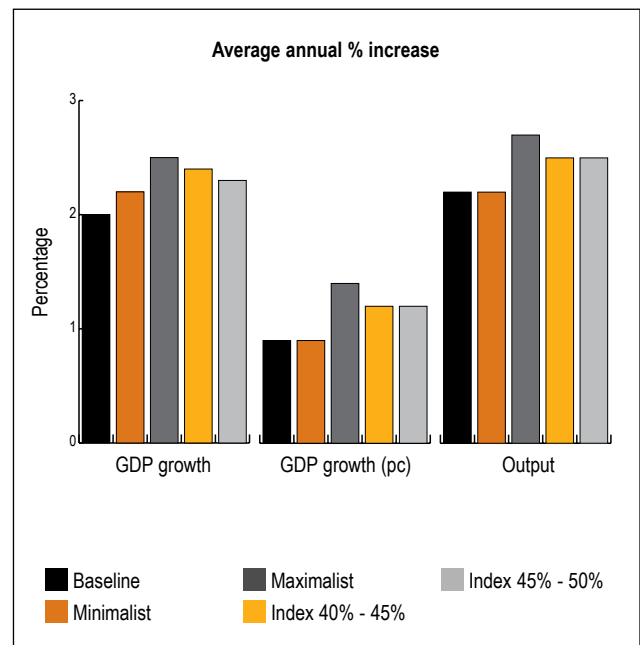


ECONOMIC GROWTH IS BOOSTED

The rise in incomes stimulates growth through increased spending as shown in Figure 2.

Real GDP growth in the baseline scenario averages at only 2% but rises to between 2.2% and 2.5% with the institution of a national minimum wage. Unsurprisingly, the average annual percentage increase to output is above the baseline in all but the minimalist scenario, and sits at 2.5% for both indexation scenarios.

Figure 2: GDP and output growth (2016 – 2020)



These results are extremely important. Stimulating output and growth in the economy in the near term (five years) can have long lasting effects in changing the path of the economy in the long term.

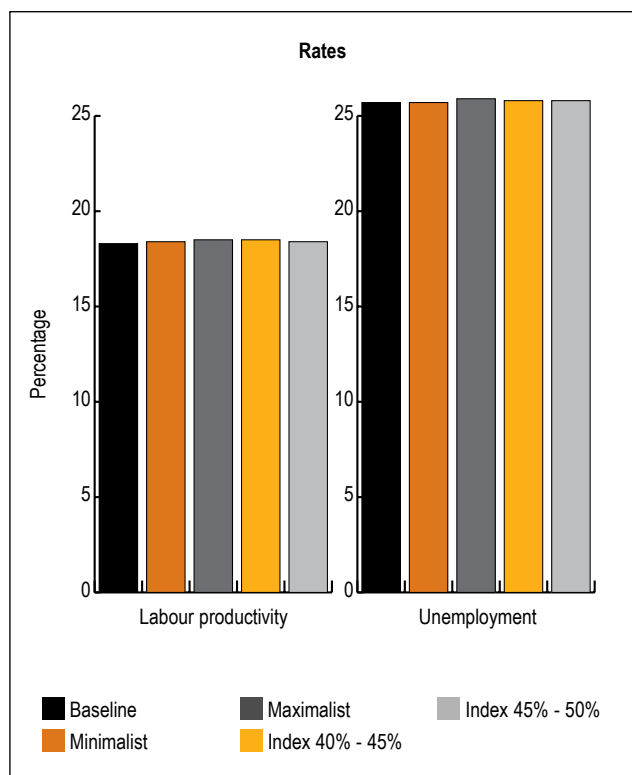
EMPLOYMENT INCREASES, UNEMPLOYMENT RATES RISES marginally

In all scenarios the number of people employed increases while the unemployment rate rises marginally above the baseline.

The minimalist scenario leaves the unemployment rate unchanged, the maximalist lifts it by 0.2% higher than the baseline, and indexation results in a negligible 0.1% above the baseline.

This very slight increase in the unemployment rate fits the pattern observed internationally. It is a minor trade-off when considering the significant increases in the wages of wage earners, increases to household income (shared with the unemployed) and positive growth effects. In all scenarios labour productivity increases marginally.

Figure 3: Average rates of labour productivity and unemployment (2016 – 2020)



NMW AN EFFECTIVE TOOL

The national minimum wage results in a decrease in poverty and inequality in all scenarios.

In Figure 4 the baseline projection for the ‘poverty headcount’ – the percentage of the population defined as poor – is 37.3%. This falls in all scenarios after the institution of a national minimum wage. The most dramatic decrease, of up to 2.6%, is in the scenarios with higher NMW.

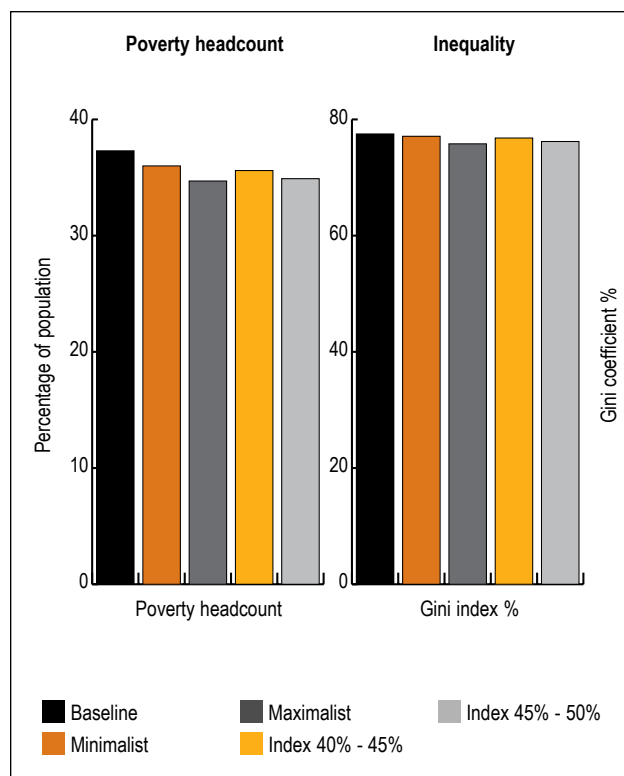
Similarly, instituting a NMW results in a decline in inequality. We should recall that inequality between income earners (and not unemployment) is the main driver of inequality.

The magnitude of this reduction in inequality is directly related to the level, with a low national minimum wage in our minimalist scenario having the least impact. This does not take into account the internationally recognised ‘ripple effect’ through which increased wages at the bottom end of the distribution increase wages higher up in the

distribution. The impact on inequality is likely to be greater than shown.

These decreases, while not huge, reveal the potential of a national minimum wage to contribute to the fight against poverty and inequality.

Figure 4: Poverty and inequality (2020)



CONCLUSION

The simulations show that a NMW meaningfully boosts growth and leaves households significantly better off. Alone it does not raise employment but it opens the space – via increases in purchasing power, demand and output – for other policy interventions that could spur long-term growth and employment.

Modelling is not a perfect prediction. A range of economic and political events could throw these estimates off. But what can be neatly compared is the difference between the baseline ‘business as usual’ scenario and the introduction of a national minimum wage in various forms.

This exercise shows, notwithstanding, that a national minimum wage set at levels high enough to meet workers’ basic needs can have a positive impact on wages, consumption, growth, poverty and inequality, without dire consequences for employment or inflation. Overall, the economy is left significantly better off. ¹⁸

Marikana Commission

Unearthing the truth or burying it?

The Marikana Commission was an opportunity to bring justice to the miners who died and also to those who were injured. Unfortunately, the Commission was ambiguous where it should have been strong and an opportunity was lost when Phase 2 of the Inquiry was stopped mid-stream because the terms of references were shortened, writes **Kally Forrest**.



The Marikana Commission Report came and went rapidly. It emerged from a judicial Commission of Inquiry whose mandate was to investigate events between 9 and 16 August 2012 when 34 striking mineworkers were gunned down by the police, a further 78 were seriously injured, and over 200 arrested at Lonmin Plc's mine in the North West province.

WHAT IS A COMMISSION OF INQUIRY?

A judicial inquiry in South Africa is appointed by the president and its main function is to inform and make recommendations to the president.

In the course of investigating the truth, however, an inquiry may offer benefits to society in general. These include uncovering often concealed government and business practices as well as informing and educating the government and public on important neglected issues. Inquiries, unlike court prosecutions that narrowly focus on individual justice, have a broad reach and so can allow for informed public debate which may contribute to policy change. As such inquiries can play a role in good governance.

A Commission Report often includes recommendations but does not have the power to implement. However, recommendations can be used by government or interested parties to develop new policies to address burning issues which may erupt again.

WHAT DID THE MARIKANA COMMISSION REVEAL?

The Marikana Commission, unlike many inquiries in post-apartheid South Africa, maintained its credibility. It generated public debate and was a transparent, impartial process which exposed myths and revealed a number of truths.

For example, the story promoted by Lonmin that the violence was primarily related to inter-union competition principally perpetrated by the Association of Mining and Construction Union (Amcu) poaching National Union of Mineworkers (NUM) members was found to be untrue. The inquiry discredited police witness Mr X who claimed to be part of the strike committee and who accused Amcu president Joseph Mathunjwa of planning violence against NUM members. In fact Mathunjwa was cited in the report as the one person, who if people had listened to his advice, could have prevented the massacre.

The Commission also revealed how police leadership manufactured a story before the inquiry to which all police witnesses adhered even if it meant committing perjury. The narrative was that *muti* (drug) crazed mineworkers attacked the police who had no option but to shoot. The Commission showed this to be false.

The inquiry was also able to gather substantial information on what happened at Scene 2. The events at Scene 1 where 17 workers were killed by police were broadcast globally; 20 minutes later, hidden from the media, a further 17 workers were killed as they attempted to hide, flee or surrender at Scene 2.

The Commission revealed that at Scene 2 several police tactical units pursued the workers and in a chaotic operation, believing workers were armed, began shooting at each other while workers were caught in the cross-fire. It also exposed that some workers were assassinated by police at point blank range whilst attempting to surrender.

The inquiry also uncovered a number of wider truths. It exposed a chain of command from top politicians to senior police leadership down to armed tactical response teams who did the shooting in a chaotic plan to disarm and disperse strikers in full knowledge that there could be bloodshed.

However, the inquiry was not able to prove that direct orders were given by African National Congress (ANC) National executive committee and Lonmin board member Cyril Ramaphosa to then police minister Nathi Mthethwa to rapidly end the strike, which Ramaphosa characterised as being conducted by 'criminals'. Despite the Commission's claim to operate on a balance of probabilities rather than to prove facts beyond reasonable doubt its overly legalistic approach meant that it was unable to find that Ramaphosa and Mthethwa were seriously responsible for the events that followed.

The inquiry was successfully able to prove repeated police dishonesty. It exposed that evidence was withheld, doctored and planted and that senior police lied in the witness box.

For example, a year into the Commission under cross-examination a senior policeman revealed that a hard-drive submitted to the inquiry had been doctored. The original contained a conversation between the provincial police commissioner and a Lonmin executive on how the strike must be immediately ended on Ramaphosa's instructions because a rival political party, the Economic Freedom Fighters (EFF), was gaining workers' support, which would

impact on the ANC's 2014 election results. Thus a hastily assembled police plan resulted in 34 deaths.

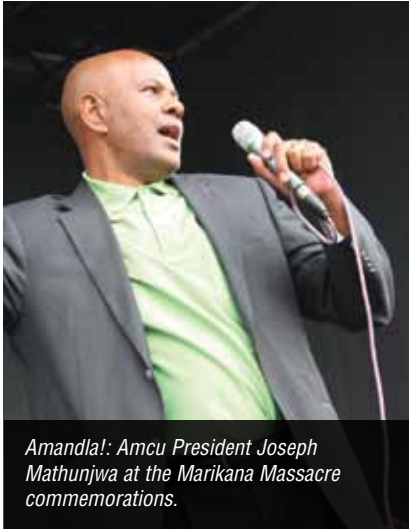
The inquiry also exposed the existence of a police National Management Forum meeting the night before the massacre where the decision to end the strike the next day was taken. Minutes of this meeting, however, mysteriously disappeared.

The Report makes recommendations on the reform of public policing. These include that the national and provincial police commissioners be investigated for perjury and their fitness to hold office; that R5 assault weapons be withdrawn; and that public policing be restructured and members retrained.

Importantly, the inquiry linked workers' poor housing and living conditions and the Marikana violence to Lonmin having 'created an environment conducive to the creation of tension, labour unrest, disunity among its employees or other harmful conduct.'

The Report is strong on Lonmin's non-compliance with its Social Labour Plan which it must implement in order to obtain a mining licence. Lonmin had promised the delivery of 550 worker houses between 2006 and 2011 but only delivered three. It recommended that Lonmin's failure to comply: 'should be drawn to the attention of the Department of Mineral Resources, which should take steps to enforce performance of these obligations by Lonmin.'

The inquiry rejected Lonmin's lack of affordability argument owing to the 2008 global financial meltdown. It showed that Lonmin continued to engage in profit shifting to the tune of R500-million a year to a Bermuda and fabricated internal marketing company. Delivery on its housing obligations would have cost R665-million. Lonmin also paid US\$607-million in shares to its black economic empowerment partner during this period.



Amandla! Amcu President Joseph Mathunjwa at the Marikana Massacre commemorations.

COMMISSION FAILURES

The inquiry also had its weaknesses. The Report is badly written, recommendations are often buried in a welter of detail, and there is no executive summary. Many keen to read its findings have abandoned the attempt.

The inquiry was not successful in creating an environment conducive to truth-telling. From the start human rights' lawyers were pitted against the police and Lonmin and the terms of reference (ToR) polarised parties as each was itemised for investigation for responsibility in the killings.

Further, the Independent Police Investigative Directory (Ipid) advised the police to engage legal counsel to protect them from later prosecution instead of counselling them to be witnesses to the truth. Thus, the delay in Commission proceedings was largely due to time spent on uncovering police deception. The truth at the inquiry was often overridden by personal and political concerns.

For example, the provincial police commissioner, asked by an evidence leader why she had not prevented Scene 2 killings after knowledge of killings at Scene 1 despite her presence at the Joint Operating Centre (JOC) claimed ignorance at the time of either

sets of killings. She maintained she was in the toilet, or could not hear the radio announcement from a helicopter to the JOC announcing, 'Bodies down'. She lied in testimony to protect her political masters and her privileged position.

The report frequently mentions police mendacity but few are fingered for perjury. Ultimately, it recommends that the police be investigated for their roles in Scenes 1 and 2 by the North West prosecuting authority – an event that is unlikely to happen.

The Commission's operations were plagued by hyper-legalism. A judicial inquiry is run by lawyers and has the advantages of the powers of search, seizure and subpoena but it also has limitations. The Report is written like a judgement and tends to focus on individual responsibility.

An example: Many were dismayed that the inquiry did not recommend compensation for victims' families. This came about because of the inquiry's legal framing. It asked: 'Who fired shots?' This was difficult to prove as R5 munition disintegrates on impact. Thus individual criminal liability could not be established and no verdict of state/police responsibility could be delivered. The premise should rather have been: 'People were shot by police' and from this a recommendation to compensate could easily have followed.

Such legalism impacted on the Commission's ability to make strong findings and recommendations. It swung between investigating the truth on a balance of probability and proving it beyond reasonable doubt. So despite much factual information it had difficulty finding responsibility for police actions at Scene 2, the chain of command, or the toxic relationship between police and Lonmin. The Report's tone is

cautious and large amounts of detail was not brought to a logical conclusion.

The legalism also lent a narrow perspective. Early on the Report states: 'the tragic events ... originated from the decision and conduct of the strikers in embarking on an unprotected strike and in enforcing the strike by violence and intimidation, using dangerous weapons for the purpose.' Yet much of the tragic events emanated from political and police leadership who insisted workers were criminals. Workers' rights were weakly represented. The context of the constitutional right to strike was never established nor that employers have the right to dismiss in an unprotected strike. An unprotected strike is not illegal although it may have consequences for workers.

Commission evidence was much stronger than the Commission Report findings. Most interested observers will not trawl through 26 months of evidence nor will they wade through the poorly structured Marikana Report. This is a Commission failing.

The Report also makes explicit and implicit recommendations. For example, it agrees with an expert police witness' recommendation that assault rifles should be withdrawn from public policing but it never explicitly states this in its recommendations. The authorities can thus discount such implied recommendations. Explicit and implicit findings and recommendations do not hold equivalent weight.

Finally a Commission failing was the removal of large parts of the Phase 2 ToR. The inquiry comprised Phase 1 to establish the facts of the events and Phase 2 to explore 'Underlying Causes' to the violence. Phase 2 was mandated to investigate matters such as workers' living conditions and the failure of traditional, municipal and company authorities to

deliver; indebtedness of miners; the migrant labour system; violence in strikes; bargaining on the platinum belt; and weak monitoring of Lonmin by state authorities.

However, Phase 2 was never planned from the outset in terms of time frames, budgets and rules of evidence. Thus, when the president altered the ToR excising investigation for responsibility of government institutions much of Phase 2 fell away with little protest (the chair however ruled that investigation into Lonmin's obligations could continue). Thus, few recommendations on how to address mineworkers' appalling socioeconomic conditions emerged from the inquiry. It apportioned blame but a forward-looking opportunity to address workers' conditions was lost.

Government has noted various actions concerning the Commission's recommendations. The police minister has announced the formation of a local and international panel of experts who will investigate the reform of public policing and the national police commissioner will have to justify why she should retain her office to a board of inquiry. The minister's public announcement of a willingness to negotiate compensation has come to nothing despite victims demanding an out-of-court settlement. Meanwhile, no police who participated in the Marikana killings have been dismissed, suspended, prosecuted or relieved of their guns, whereas 16 strikers are currently appearing on charges of murder. ¹⁸

Kally Forrest was a senior researcher on the Marikana Commission of Inquiry for Phase 2.

Unlocking labour laws

Operational requirement dismissals

Interpretation of s 189A of the Labour Relations Act

If an employer retrenches workers but does not follow the timeframes of the Labour Relations Act (LRA) are the dismissals invalid and of no effect? What does the law say? **Sufinnah Singlee** explains.

The case between *Edcon v Steenkamp* 2015 (4) SA 247 (LAC), 3 March 2015, explains some of the issues with regard to retrenchments caused by changes in a company's operational environment.

Due to restructuring, Edcon, which employed about 40,000 workers, embarked on a process of retrenchment but chose not to use the facilitation route. Neither Edcon nor the employees referred the matter for conciliation to the Commission for Conciliation Mediation and Arbitration (CCMA) before the notice of termination was issued.

The employer, Edcon, also issued a notice before the period referred to in s 189A(8)(b) of the LRA had elapsed. Furthermore, none of the employees brought an application to the Labour Court challenging procedural fairness of dismissal. However, they sought to rely solely on the principle established in an

earlier case, *De Beers*, that non-compliance with a statutory requirement is sanctioned with invalidity thus making the dismissal of no effect. If this were the case the workers would be reinstated with full back-pay.

In *Edcon v Steenkamp* the issue is whether non-compliance with s 189A(2) of the LRA read with s 189A(8) of the LRA leads to invalid dismissal?

According to the Labour Appeals Court (LAC) unlawful and invalid terminations can still bring employment contracts to an end. However, employees should be able to bring an application to the Labour Court according to s 189A(13) of the LRA prior to the dismissal, alleging non-compliance with the procedure, in which case the court could order the employer to follow fair procedure or restrain the employer from dismissing the affected employees until a fair procedure is followed.

Where the employees have already been dismissed, their recourse would be limited to an application to the Labour Court challenging the fairness of the dismissals. The employees also have the right to embark on a protected strike in retaliation, and can also obtain a procedural interdict.

The LAC held that it could not have been the intention of legislature to invalidate or nullify dismissals and reinstate employees, and that the *De*

Beers judgment would have the anomalous effect of removing conventional dismissals from the scope of Chapter 8 of the LRA in that dismissals would no longer be assessed on fairness but declared invalid merely because they were premature.

Argued the LAC in the judgment: 'The aim of section 189A(2) of the LRA is threefold: firstly, it imposes a limitation upon the employer's right to time the dismissal of employees in a large scale retrenchment; secondly, it

introduces a right to resort to industrial action in disputes about the fairness of the reason for such retrenchments; and thirdly it permits the statutory time period for facilitation or consultation to be varied by the agreement.' ^{LB}

Sufinnab Singlee teaches labour and business law at the University of Cape Town. This article is based on a presentation she made at the 28th Annual Labour Law Conference in Johannesburg.

Unions welcome postponement of tax laws

Although unions have welcomed the postponement of some clauses of the tax amendment laws by the government, they are calling for the scrapping of the laws altogether.

In a statement, the Congress of South African Trade Unions (Cosatu) spokesperson Sizwe Pamla said: 'Cosatu has noted the government's decision to postpone the implementation of the New Tax Amendment Act for two years. This decision signals that government has at last acknowledged and understands that the implementation of this law would have been wrong. This decision though is not a final and the ultimate solution to the impasse. This is not yet a victory for the workers, but it

is the first step towards a final victory, which will be the total scrapping of those aspects of the law that workers do not want.'

He explained: 'The mandate from workers was not to secure a postponement, but to get government to commit that they will expunge all the areas that prevent workers from accessing their money. What workers want to hear is: when is government going to expunge the sections of the law that stops workers from making lump sum withdrawals from provident funds.'

The National Union of Metalworkers of South Africa (Numsa) said that the suspension is not enough and that it will take legal action if need be.

'Numsa and others reject a postponement, believing that the provisions must be scrapped altogether,' said Irvin Jim, Numsa General Secretary.

'Whichever route is followed, there currently appears to be broad consensus that the disputed provisions should not come into force.'

'The Amendment Act itself prescribes that the provisions will come into force on 1 March 2016. It is not possible for parliament to amend this before that date.'

'Numsa has been given legal advice; what is now necessary is for a court order to be obtained to suspend the legislation, pending either parliament's process to consider amending the legislation or a court challenge to the provisions' constitutional validity,' he adds. ^{LB}

Nehawu welcomes NHI White Paper

The National Education Health and Allied Workers Union (Nehawu) welcomes the publication of the White Paper on the National Health Insurance (NHI) by the Minister of Health, Dr Aaron Motsoaledi. The NHI whose objective is to realise universal health coverage is now finally government's policy. It is the mandate of the government as endorsed by the overwhelming majority of the citizens, first in 2009 and again in 2014. It is also a constitutional mandate in terms of s 27 and an international undertaking and obligation in terms of the United Nations' Sustainable Development

Goals. Therefore, with regard to the key question of the health financing system, i.e. the pooling of all existing health insurance and other funds into a single, publicly managed and administered NHI Fund - to ensure social solidarity from the healthy to the sick and the rich to the poor, the debate is now closed.

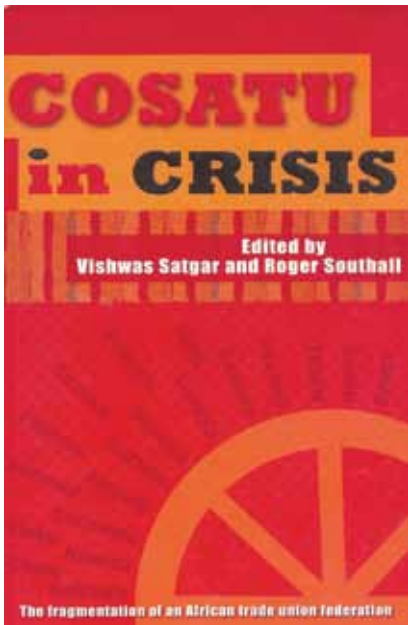
Nehawu calls on workers and communities to support and play an active role in the long process of the implementation of the NHI. We know that the private hospital monopolies are gearing themselves to undermine the NHI through the courts. For them health is not a human or citizenship right as

our Constitution stipulates but a business for profit maximisation. In line with our own congress resolutions and those of our federation, we shall do everything in our power to defend the implementation of the NHI.

Thus, we call on workers not to be misled by those who are spreading false information and rumours about the NHI. In the same vein, we are actively involved in the ongoing process of the Health Market Inquiry under the Competition Commission. We hope that the outcome of this will go a long way in dealing with the extremely high costs of private health care in South Africa. **LB**



Making demands: Nurses march to the department of health offices, Johannesburg. Credit: William Matlala.



REVIEW

Cosatu in Crisis
The fragmentation of an African trade union federation

(KMM Review Publishing Company/Friedrich Ebert Stiftung, 2015)

Vishwas Satgar and Roger Southall (editors)

Reviewed by Elijah Chiwota

Tyoto James, the Congress of South African Trade Unions (Cosatu) first deputy president, announced at the federation's 12th National Congress in Johannesburg in November 2015 that members should read but not buy the book: *Cosatu in Crisis: The fragmentation of an African trade union federation*. If the members were not going to buy the book then how were they going to read it? On second thoughts I mused that workers would always find a copy of the book either by borrowing or perhaps from libraries. However, it is interesting to ponder why the book elicited such a response from Cosatu. A closer reading of the book shows that it is invaluable in its attempt to build an understanding of the complex issues affecting the federation and some of the debates and arguments made in the chapters are as old as Cosatu itself.

The foreword by former general secretary Zwelinzima Vavi can be described as an insider's view if one takes into account that he was at the helm of the federation for 16 years before his dismissal in 2015.

He writes: 'The assault on Cosatu's spirit of independence, militancy, democracy and worker control started several years ago.

The events of the last few years – National Union of Metalworkers of South Africa (Numsa)'s expulsion, my suspension and ultimate summary dismissal as well as the reluctance to hold a Cosatu Special National Congress – were a culmination of a project that began before 2012 when Cosatu held its 11th National Congress. Back then an attempt was made to get rid of the federation's general secretary. This failed because of internal democracy and worker control which were still strong at that time'.

Vavi aptly summarises the crisis. 'The real basis of the crisis in Cosatu is the complex and contradictory class relationships which it finds itself having to deal with on a daily basis, in the multiclass and unstructured African National Congress (ANC)-led alliance to which it belongs. The crisis in Cosatu is a reflection of the class contradictions and class struggles that are broadly playing themselves out in South Africa and in the liberation movement and its formations between the South African black and African proletariat and the forces of South African colonial capitalism and imperialism'.

Authors in the book are seasoned academics and analysts who are familiar with issues

affecting the country's largest federation and most have published widely on trade unions. One thread that runs throughout the book is the struggle against neo-liberal policies that have been adopted by the ANC-led government such as the Growth Employment and Redistribution (Gear) strategy and recently the National Development Plan (NDP). These policies have led to job losses, rising unemployment, precarious work, growing income inequality and increasing poverty.

Fragmentation is analysed in the context of the formation of rival unions that includes the Association of Mining and Construction Union (AMCU) and the National Transport Movement (NTM) – an off shoot from the South African Transport and Allied Workers Union (Satawu). The Liberated Metalworkers Union of South Africa (Limusa) now organises metalworkers in the federation – filling in the gap left by Numsa in Cosatu.

Cosatu entered into an alliance with the ANC and the South African Communist Party (SACP) in 1994 when the country attained democracy. Although seen as strategic at the time, Cosatu's involvement in the Alliance is seen as one of the ingredients of the crisis.

The Marikana massacre and the expulsion of Numsa from the federation are seen as potential game changers in the crisis. Devan Pillay writes that with the expulsion from Cosatu, Numsa is organising a United Front similar to the United Democratic Front of the 1980s to 'coordinate struggles in communities and within workplaces'. Numsa is also exploring the formation of a workers' party and a new federation. Does this mean a realigning of forces to the left of the ANC?

Another criticism of the federation highlighted in the book is its aloofness when it comes to involvement in community struggles such as service delivery protests. What are the chances for social movement unionism and for Cosatu to be involved in community struggles and for what benefit? Marcel Paret writes that shop stewards were in favour of 'supporting and building working class struggles beyond the workplace'.

The labour aristocracy thesis - that 'formal sector workers have been major beneficiaries of the democratic dispensation - enjoying relatively high wages as a result of the powerful, politically connected unions and excessive regulation' is a fallacy, argue Dick Forslund and Niall Reddy who write that the Marikana massacre and waves of strike action - 'demonstrate the falsity of this view and the urgency of reaching a new understanding of the conditions of workers over the last two decades.' Income and wages inequality continues to be high.

There are possibilities being shaped by the Numsa moment: the United Front, Movement for Socialism and a possible workers' party. On this Vishwas Satgar and Roger Southall throw in a word of caution: 'The speculation in the media and political circles about the Numsa moment is frenetic,

diverse, discordant and extensive, the truth of the matter is that it may take another 20 years of democracy for us to have any clear idea about its significance. Its character and trajectory remains extremely uncertain.

It is against this background of fluidity and uncertainty that this book seeks to offer, not predictions but insights into the character and significance of the present turmoil within organised labour'.

DEVELOPMENT VERSUS NEO-LIBERAL GLOBALISATION

It is important, says Ben Scully, that similarities are seen between South African trade unions with those from other African countries. Despite exceptions because of settler colonialism and apartheid, there were lots of similarities from the continent that warranted comparative analysis. For instance, Scully argues that economic development periods such as the developmental period (1950-1980) and the neo-liberal period, which began in the 1980s to the present, were important in understanding unions' political strategies. These periods provided a context in which issues played out. For example, the developmental period focused on industrial-led economic growth under which workers were seen as the 'vanguard of national development' whilst the neo-liberal phase is characterised by market-oriented economics. There were many examples of trade unions aligning to political parties in Africa such as seen in the Ghana Trade Union Congress and Zambian Congress of Trade Unions. However, there were also other forms of autonomous unions.

This analysis is important to Cosatu because it was part of the liberation struggle and therefore found it logical to align to the ANC.

Vishwas Satga argues that in terms of ideology the labour movement has been influenced by

different types of Marxism such as revolutionary nationalist, Marxist-Leninist, and social democratic. Moving to democratic eco-socialism that recognises the global capitalist crisis, realignment from ANC alliance especially after Marikana, and the 'Numsa moment' might be the way forward in the future.

The studies draw on the shop steward surveys that were carried out in 1991 and 2012. The surveys show that the roles of shop stewards have not been static. There are more women shop stewards, older and more experienced and better educated than previously. Shop stewards 'remain strongly rooted in the industrial working class, and strongly embedded in their local communities. While fervently committed to the ANC, they continue to evince high levels of independence in their thinking (... with regards to corruption),' writes Southall.

Militants or managers are ideal types of shop stewards. 'Militants tend to be better educated and in more senior jobs than managerial; to have longer experience as shop stewards and to act part-time rather than full-time as shop stewards; to be more committed to transformative socioeconomic policies, and to expect Cosatu to influence these through the Alliance'. Managers often perform the 'managerial function of settling grievances'. Themba Masondo, Mark Orkin and Edward Webster write about 'convergence of relations of conflict and cooperation at the workplace'.

South Africa is the most unequal country in the world, its stability is 'fragile', with a highly unstable social order that can be described using Karl Von Holdt's concept of 'violent democracy'. In this scenario industrial relations are bitterly adversarial, concludes Christine Bischoff. Upward social mobility of shop stewards has led to a 'leadership drain' and 'social distance between shop stewards

and ordinary workers and also between union leadership and the shop floor. The shift from a majority of industrial workers as members to more from the public service shows that the composition of the federation is changing. 'This shift indicates that the social composition of Cosatu is itself undergoing transformation from a working class organisation to one that increasingly represents the lower middle class professionals ... Cosatu continues to represent permanent and full-time workers and has not made inroads into organising casual workers, informal workers and other marginalised workers.'

Alternative moral orders' emerged on the Rustenburg Platinum Belt where strike violence, intra-worker violence, and the state and employer violence became the norm, argues Crispin Chinguno. 'Strike violence has to be framed as a manifestation of capital and labour production politics and contestation for control and resistance and is linked to the broader socioeconomic and political context'.

The book could have benefited from a chapter on the history of Cosatu post-1994 that would have analysed trends in the federation's last 30 years. The only history book on Cosatu is Jeremy Baskin's *Striking back: A history of Cosatu* published 25 years ago. A chapter could also have provided the socioeconomic and political context of SA instead of having the same information repeated in different forms in the chapters. Otherwise the book provides critical analyses that is useful in understanding the current crisis in Elijah Barayi's federation. **LB**

R2K rejects the call to regulate OTTs

Right2Know Campaign rejects the call to regulate over the top services (OTTs) such as WhatsApp and Skype as a move to propel profiteering that has undermined people's right to communicate for years.

The demand by the two telecoms companies, Vodacom and MTN, is nothing more than a cynical attempt to stifle innovation and protect their super-profits at the expense of the consumer. At an informal session of the Parliamentary Portfolio Committee on Telecommunications and Postal Services, the telecoms cartel made their arguments in favour of regulating OTTs, and yet again their true motives were laid bare. We condemn in strongest terms this anti-competitive tendency as it seeks to continue the exploitation of users, in particular the poor.

R2K has consistently fought against the ruthless profiteering and unscrupulous business practices of MTN and Vodacom. In this latest move - despite the broad definition of OTTs being used, which includes streaming media et cetera - it is plain to see that the real targets for the call for regulation are Voice Over Internet Protocol (VOIP) providers such as Skype, Whatsapp and Facebook. These services offer a relatively affordable and convenient alternative to the messaging and calling services offered by the mobile network operators, especially when taking into account the extortionate airtime rates that these service providers charge.

The arguments presented by the two telecoms cartel in favour of OTT regulation are about as flimsy as MTN's claim that it does not dodge the taxman. OTTs are not a real threat to the profitability of telecoms companies, and Cell-C has broken ranks by embracing OTTs, which reflects its status as a late entrant into the market whose primary need is to acquire market share.

As Alison Gillwald, director of Research ICT Africa, made clear in her presentation at the hearing, the telecoms cartel have been and still are unusually profitable and are steadily investing in network capacity. For Vodacom and MTN to claim that their investment capacity is at risk is farcical, especially now that infrastructure-sharing is becoming more common.

In addition, despite the mention by several speakers of the fact that users do pay for VOIP services in the form of normal data which is profitable for the telecoms companies, the dogma is constantly repeated even by a representative of ICASA, that OTT services make 'no contribution' to the networks which they are 'exploiting'. If these companies want to talk of exploitation, they need not look beyond themselves. As our Lived

Costs of Communication Report shows, the telecoms companies are quite simply fleecing the poor of this country, who are forced to make sacrifices in necessities just to be able to afford the prohibitive costs of data and airtime. It is in the public interest not to regulate OTTs, but to strengthen regulation of the telecoms cartel. So far, a weak regulator has enabled these companies to get away with daylight robbery.

The other worry raised by proponents of regulation is that the surveillance capabilities built into the existing cellular networks are absent in VOIP services. This may be well received by many parliamentarians, who after all voted for things like RICA. However, even if such surveillance could be

justified, it is impossible to achieve in VOIP services, as criminals could simply use VPNs or other obfuscations. Hence imposing a burden of surveillance on OTTs would only hurt the rest of us, especially the poor, by raising costs, without protecting the public interest.

If the government eventually proceeds with regulation of OTTs, it will be sending a message that not only does it prioritise the earnings of rich shareholders over the right to communicate of the poor, but that its surveillance appetite extends to its political opponents who don't use obfuscation because they have nothing to hide, yet who have the same right to privacy of all citizens.

The telecoms companies have yet again made clear their opposition to

innovation and the realisation of our constitutional right to communicate and freely receive and impart information. The determination of the small-minded executives in charge of the telecoms companies is to protect every last cent of their profits even if it comes at the expense of technological progress and is destructive to the telecommunications environment as a whole. There is a totally unimaginative, backwards-looking response to competition that will be a setback for all – a stance that is short-sighted and bound to backfire. In other countries, such as Morocco, attempts to block OTTs have led to a public backlash. MTN and Vodacom can expect the same here. ^{LB}

Platinum, poverty and protests

Platinum mining and community protests around Rustenburg

Revenue from platinum mining has not changed the lives of communities around the mines in Rustenburg. **Joseph Mujere** traces the history of tension between the community, mining companies and traditional authorities.

Platinum wealth in the North West province has led to the emergence of new urban spatial geographies characterised by the juxtaposition of high rise office blocks, mansions, and gated communities on one hand, and sprawling informal settlements and villages where poor workers,

job seekers and the unemployed live on the other. It is thus, not by coincidence that most of the informal settlements around Rustenburg are adjacent to mines or are actually located between mine shafts. It is evident that the wealth derived from the mining of platinum has not trickled

down to the urban poor in informal settlements. Instead, it has benefited the elites such as the Royal Bafokeng Nation (RBN) royal family and some politicians who are also shareholders in the mining companies. Yet it has been the poor who have had to bear the brunt of the negative impacts



Homestead near Marikana: Workers live in shacks like these.

of mining operations such as pollution of the environment, loss of livelihoods and loss of land. Consequently, people living on the margins of mining operations often resort to community protests aimed at mining companies and authorities such as the Royal Bafokeng Administration (RBA) the administrative arm of the RBN and the Rustenburg Local Municipality (RLM) to force them to provide basic amenities. The different land ownership regimes in these areas, however, have had an impact on the nature and effectiveness of community protests as well as on which authority is responsible for service delivery. Thus, land ownership and attachment to a place arguably have a bearing on how communities construct a sense of belonging and by extension a sense of entitlement.

Using the cases of Matebeleng and Number 9 informal settlements in Rustenburg as well as Luka Village in the Bafokeng area, this article analyses the nature, impact and meanings of service delivery

protests among communities living close to platinum mines. It commences by analysing the historical geographies of the three case studies and examines how they have had an impact on the communities' access to services and on the authorities they target in community protests. The study cuts across many types of land ownership, land tenure as well as different regimes of authority. Whilst Matebeleng is on land which is now controlled by the RLM, Number 9 informal settlement is on land which is in the hands of a private owner and is also claimed by the RBA and Luka Village is on land under customary authority. All these land ownership statuses and regimes of authority have a bearing on the way in which members of these communities engage in service delivery protests and the authorities they target in these protests. It also has a bearing on the way the communities organise themselves in order to present their grievances and to engage in protests. The three case studies

discussed here, in many ways, encapsulate the challenges that communities living on the margins of the mining operations face and the myriad ways in which they air their grievances and engage authorities. Thus, an examination of the three cases allows for a nuanced analysis of the impact of platinum mining on communities living on the margins of mining operations and the numerous strategies they deploy in their engagement with both mining companies and different authorities.

The study is informed by Holston's concept of insurgent citizenship. Insurgent citizenship is shaped by political contestation, community protests, and the destabilisation of the entrenched. As Holston argues, 'insurgent forms are found both in organised grassroots mobilisations and in everyday practices that, in different ways, empower, parody, derail, or subvert state agendas.' In other words, these insurgent practices help those who are arguably invisible on the urban landscape to become visible and claim their right to the city. Access to landed property is important in the negotiation and contestations of urban citizenship. The urban poor thus often have to fight to have access to landed property in order to secure any rights in urban areas. According to Holston, the urban poor's 'exclusion from legal property in land also denied them the civil standing that legitimate property ownership is conveniently understood to create.' In the case of Brazil, Holston argues that 'residential illegality galvanised a new civic participation and practice of rights: the conditions it created mobilised residents to demand full membership in the legal city that expelled them through the legalisation of their property claims and the provision of urban services.'

It is, however, important to think more critically about the meanings of the struggles of the insurgent citizens at the local level. These

struggles are arguably informed by local realities and respond to the everyday challenges. Although the struggles could be connected to other insurgent practices of the poor in urban peripheries in South Africa, it is important to realise that even in the settlements around Rustenburg discussed here, there are certain local peculiarities that both inform and shape the struggles. That residents in informal settlements around Rustenburg share a lot in common in terms of their grievances and demands is beyond question, yet it should also be stressed that the nature and trajectories that these struggles take are shaped by the local grievances, statuses of land, history of mining, historical geographies and regimes of authority among other factors. This makes it difficult to generalise these protests even when they seem to be articulating similar grievances and even when they occur at the same time. The outcomes of community protests are also different. Some are more successful than others. The insurgent practices of the urban poor thus destabilise the entrenched and fight for their rights to the city. However, local contexts shape the nature and form of protests as well as its outcomes. Consequently, some communities have been more successful in articulating their grievances and demands which the authorities have recognised and acted upon.

LAND, MINING AND REGIMES OF AUTHORITY

The historical geographies of the three areas discussed are important in understanding the dynamics that emerge, especially in the post-apartheid period, with regard to the impact of platinum mining on the communities. The history of Luka Village, which under a customary authority, is inextricably tied to the history of land buying by various clans in what is now the RBN. Luka which is derived from an Afrikaans term for location was

created in 1887 as a result of the desire by Paul Kruger to create a labour reserve for his property. The village was started by 13 clans which include Tsitsing, Thekwane, Tlaseng, Photsaneng and Baphiring among others. Kruger sought to create his labour reserve by forcing these clans to move close to his property. According to Capps these clans had been loosely affiliated to the Bafokeng but never really considered themselves to be under them. Through manipulating of history and their close association with colonial officials Bafokeng chiefs were able to claim that all other clans were under them.

Baphiring are among the many clans in Luka who claim to have purchased land in the late 19th century. They claim that they bought the land independent of the Bafokeng and were actually equals of Bafokeng. Baphiring purchased Dooringspruit 106JQ, Turfontein 262JQ, and Goedgedaght 114JQ. It was common during the colonial period for Africans to purchase land and have title on the land registered with missionaries, the Native Commissioner or the Minister of Native Affairs. This was largely because Africans were not allowed to own freehold land.

Luka Village is often viewed by the RBA as a village of rebels. This is essentially because of how clans such as Baphiring have consistently fought against the hegemony of the RBA by making land claims against them and claiming independence. The residents of Luka have also been frustrated by the fact that platinum wealth has largely benefited Phokeng, the seat of power in the RBN. Yet they bear the brunt of the impact of mining operations. It is therefore important to understand community protests in Luka in the light of residents' sense of entitlement. The protests in Luka cannot therefore be divorced from the historical land claims made by different clans against the RBN.

Matebeleng informal settlement presents a slightly different scenario in terms of land ownership and its settlement history. The informal settlement started off as a squatter camp for farm workers working at Kroondal farm in the late 1980s and early 1990s. This was where 'white farmers and local businesses stored (sic) their black labour, because they did not want them living next door to them in Kroondal, a little town close by.' The farm was later bought by Aquarius mine who however failed to evict the people who had settled there. The post-apartheid period, however, saw a rapid expansion of the settlement. The boom in platinum and chrome mining in the area coupled with the government policy of phasing out the compound system led to the rapid expansion of informal settlements on the margins of the mines as mineworkers chose to stay in the informal settlements because it was cheaper to live in these areas than in formal suburbs. Furthermore, in the post-apartheid period most mines began to encourage their workers to stay in private accommodation. They did this by offering their employees 'living-out allowances' which enabled them to subsidise their accommodation. Instead of using the allowances to rent apartments in suburbs a number of workers preferred either to build their own mekhukhu or to pay rent in the informal settlements that emerged on the margins of the mines. This has contributed to the rapid expansion of informal settlements around platinum mines in Rustenburg. Matebeleng informal settlement has not only attracted a large number of mineworkers but also a large number of prospective job seekers. Although the land was initially a farm in private hands, as the informal settlement grew Aquarius donated it to the RLM to allow for the integration of the settlement into the RLM.

Although the origin of the name Matebeleng is not very clear, the name generally refers to a community composed of people from different ethnic backgrounds. The name is also associated with being an outsider as opposed to being a local. One informant noted that Matebeleng is derived from the Amatabele (or the Ndebele people led by Mzilikazi) who passed through the area in the late 19th century. The community is composed of both local and regional migrants. There are people from the Eastern Cape province, Lesotho, Swaziland, Zimbabwe and Mozambique as well as Somalis. The name therefore reflects the politics of inclusion and exclusion in the North West province as it is a euphemism for a community of migrants and people who do not actually belong to the area. Residents of this informal settlement loathe this name and have recently resolved to change the name from Matebeleng to Ikemeleng which means 'stand on your own feet'.

Number 9 informal settlement is arguably the largest around Rustenburg. It is located between Number 9 Shaft (Impala), Number 8 Shaft (Impala) and Freedom Park Reconstruction and Development Programme (RDP) houses. The ownership of the land is a highly contentious issue, a factor which has influenced the trajectory of development in this settlement. The informal settlement is on land which was originally a farm owned by Mutswenyana who inherited it from his father who had been given the land by the Bafokeng. He used the land as part of his grazing land but later started parcelling out land to mineworkers wanting to build their mekhukhu. With the end of apartheid and the disbandment of the compound system the informal settlement quickly grew. There have been constant disputes between the RBA and the Mutswenyana family over the control of the land. The RBA claims that Mutswenyana had only been given usufructuary rights over

the land while Mutswenyana claims that he has full rights over the land.

As a result of these ownership wrangles it has been difficult for the RLM to develop the informal settlement and integrate into the municipality. Each time the RLM tried to provide basic amenities to the settlement the RBA and Mutswenyana have intervened claiming ownership of the land. Number 9 informal settlement has thus continued to suffer neglect in spite of its proximity to two mine shafts. As a result of this, residents of the settlement usually turn to community protests to get the attention of mining capital as well as the RLM, ANC and the RBA. The fact that a large number of mineworkers stay in the informal settlement adds another dimension to violent protests in the community as usually violent strikes at the mines spill into the community.

In spite of the differences in land ownership status, regimes of authority and historical geographies of the three case studies, the communities are bound by their shared experiences of living on the margins of mines. They are affected by the impact of mining activities, such as air and water pollution, loss of grazing and farming land, noise pollution as well as their failure to benefit from the multi-million mining business. The specificities in the terms of land ownership and history of settlement however play a crucial role in the trajectories of development in these communities. Land ownership status also has a bearing on what are considered legitimate targets of community protests and also on who has the mandate to provide social services to particular communities.

It is also important to problematise the insider-outsider dialectic in these different case studies. Land ownership shapes how residents frame themselves as locals in areas close to mines. At one level, a local community can be taken to refer to a community of autochthonous people who have a strong attachment to the

land and were probably displaced from the lands when the mines were opened. The residents of Luka would fit into this description of local community. However, at another level local community could refer to a group of people who reside close to mines. This category of local communities is composed of residents of informal settlements such as Number 9 and Matebeleng. These people have quite weak claims to being legitimate stakeholders to the mining companies and usually have to fight for recognition. Within these communities there are also people who claim to be locals and label others as outsiders. In Matebeleng for example, a local person would be somebody who is identified as such by fellow residents and is able to obtain a proof of residence document from the local councillor. In Luka, a local person would refer to someone who identifies with one of the clans in the area and is under a *kgosana* and therefore able to obtain a proof of residence from his/her *kgosana*. Mining companies such as Impala define local community on the basis of proximity to the mine or in the same province as their mining operations. In spite of this, the boundary between local and outsider are not neat. They are contested and fluid. As Chinguno has observed, migrants devise ways of navigating the boundaries between local and outsider by illicitly acquiring proof of residence documents and sometimes even getting South African citizenship. The claim of being a local community or a local person is thus largely tied to the need to be recognised as someone who has the right to services and access to material benefits which go with belonging to that community. ¹⁴

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Thinking about education

Being critical, creative and different

There are many ways of researching post-school education and training, and the Education Policy Consortium (EPC) has its hand on the pulse, always exploring creative ways of doing exactly that, writes **Elijah Chiwota**.

At the EPC (a group of progressive research organisations with a history of collective policy development analysis, research as well as public policy dialogue in post-school education) researchers, conference in 2015 at the tranquil Cape St Francis resort in the Eastern Cape dubbed Building a progressive network of critical research and public engagement: Towards a democratic post-schooling sector, some of the approaches and tools used by the collective were explored with emphasis put on focusing on social justice, researching the public schooling system and capacity development.

The past could not be wished away when discussing post-school education, argued Mondli Hlatshwayo from the Centre for Education Rights and Transformation (Cert).

'Let's look at history, at debates on skills and relations between that and the workplace. These are sources of the current crisis. We must investigate the gaps, provide analysis and engage the community. We must ask questions why workers' education is not so prominent.'

Salim Vally also from Cert added that EPC must link with issues

of the day. For example, early childhood development should be linked to current issues as people are now receptive to ideas that were once seen as outlandish.

'Our time has come; we might miss the train,' he said. 'Students have shown how quickly things can shift.'

Community struggles are critical and universities should engage the community because they are part of it, instead of using a top down approach. Focus should also be on how the universities are funded. Leafy suburbs where most universities are located should not be seen as solid barriers.

More resources are also needed for community colleges, and there should be alternative ways of fundraising. Community-based social movements that were linked to local and international social movements are other critical areas to do research.

Added Vally: 'EPC could do different kinds of work and research: on the students' movement, on workers' rights, and the employment/work debate especially the issue of unemployed graduates. Let's sketch what is happening in our country collectively and in a focused way.' Involvement in campaigns such

as #FeesMustFall is important especially to close the gaps on politics and ideology in the student movement.

Listening is important, emphasised Vally. 'We have stopped listening; we have forgotten to listen to voices of specific constituencies.' When listening stops, democratic accountability fails.

'As progressive researchers we must bring out our work in ways that engage non-academics and unions. We also need to be part of an agenda that expresses people's voices.'

RIISING SMOKE OF PROTESTS

Studies on community protests by Karl von Holdt and others concluded that smoke, normally from tyres at barricades or from burning public buildings, is used to attract the attention of authorities' during service delivery protests. The same happened in the #FeesMustFall campaign in the Eastern Cape where the catch phrase was 'kuyaquma' the smoke (of the protest) is rising in IsiXhosa as explained by the researchers from that province.

Researchers, Olwang Mngwazi (Centre for Integrated Post-school Education and Training (Cipset) at the Nelson Mandela Metropolitan University, Port Elizabeth) and



Sharing research knowledge with a smile: From left Keith Appolis, Olwam Mngqazi and Anthony Tolika Sibiya at the EPC researchers conference, Cape St Francis, Eastern Cape.

Sandile Zwane (Cert and University of Johannesburg) spoke about struggles at their respective institutions against the increasing cost of tertiary education. Another researcher from Cipset, Sonya Leurquain-Steyn, travelled to Pretoria as part of the #FeesMustFall campaign. This shows that EPC researchers are activists in their own right.

Speaking at the conference Zolisa Marawu from the Black Students Stokvel, described on social media as ‘a student engineered platform for students, staff and the broader community to mobilise for the reimagining and realising of a socially responsive Nelson Mandela Metropolitan University,’ explained how different political parties and organisations such as the South African Students Congress (Sasco) attempted to hijack the campaign.

‘The actions of the campaign opened spaces for other students. Lessons were also learnt in managing political egos, and on the importance of having a united front on common issues. With calls to end outsourcing we also learnt that student politics is not about students alone. It is also

about planning for the following year, and on where to go for intellectual support.’

WHAT IS EPC ABOUT?

What is the EPC about? What is it trying to do and where is it going, asked Enver Motala from the Nelson Mandela Institute for Education and Rural Development at the University of Fort Hare. ‘The quality of research must speak to the pressing social issues in SA and address the lack of relationship between large social issues as seen in extremely conservative, data driven, and poor analysis – research that took for granted the nature of society. We believe such an approach is fundamentally wrong’.

Therefore, progressive researchers should ‘examine education’s role in society, scrutinise the assumptions that are taken for granted – concepts that are dominant and hegemonic. We are about a different society not research that dodges fundamental questions. Understanding wage labour, skills and the capitalist economy is important. We should see work as opposed to wage labour and

understand work as a historical reproduction of human beings distinct from the evolution of labour in the last 400 years. We must talk of socially necessary work in a society characterised by precarious work where there is no prospect of work for the unemployed in their lifetime while chasing after the fictitious labour market.’

We have to think about education differently. There are real possibilities on which human beings are surviving. There is a complete and utter neglect of alternatives and potential for real education. We must do something. We don’t have the answers but let’s start asking the right questions. Should we use an interdisciplinary approach? Should we recruit fresh researchers? Who is the community to whom our research can interface? You have to understand what is happening in the community and how to construct conversation in communities and also use participatory research methods. We must ask the right questions? Conceptualisation is based on who and what you are engaging with.’ ^{LB}

National Health Insurance

SA's most progressive health reform to date

Although the National Health Insurance (NHI) White Paper takes a socialist approach to universal health care, how will it be implemented in South Africa's neo-liberal environment? Additionally, support from key stakeholders including citizens and doctors is necessary as is decentralisation and proper funding, write **Shakira Choonara** and **John Eyles**.

Implementation of NHI is a reflection of the kind of society we wish to live in: one based on the values of justice, fairness and social solidarity. Implementation of NHI is consistent with the global vision that health care should be seen as a social investment and therefore should not be subjected to market forces where it is treated as a normal commodity of trade ...The key focus of the NHI transformation is to create a single, publicly owned and administered NHI Fund that purchases health services on behalf of the entire population from suitably accredited providers. Transforming the health care financing system requires changing how revenue is collected to fund health services and, even more importantly, addressing how generated funds are pooled and how quality services are purchased. This is critical for improving the use of available financial resources and the health of the population' - White Paper National Health Insurance 2015.

Globally, under Sustainable Development Goal 3 (SDG) - target 3.8 calls for member countries of the United Nations (UN) to achieve Universal Health Coverage (UHC). Margaret Chan (director-general

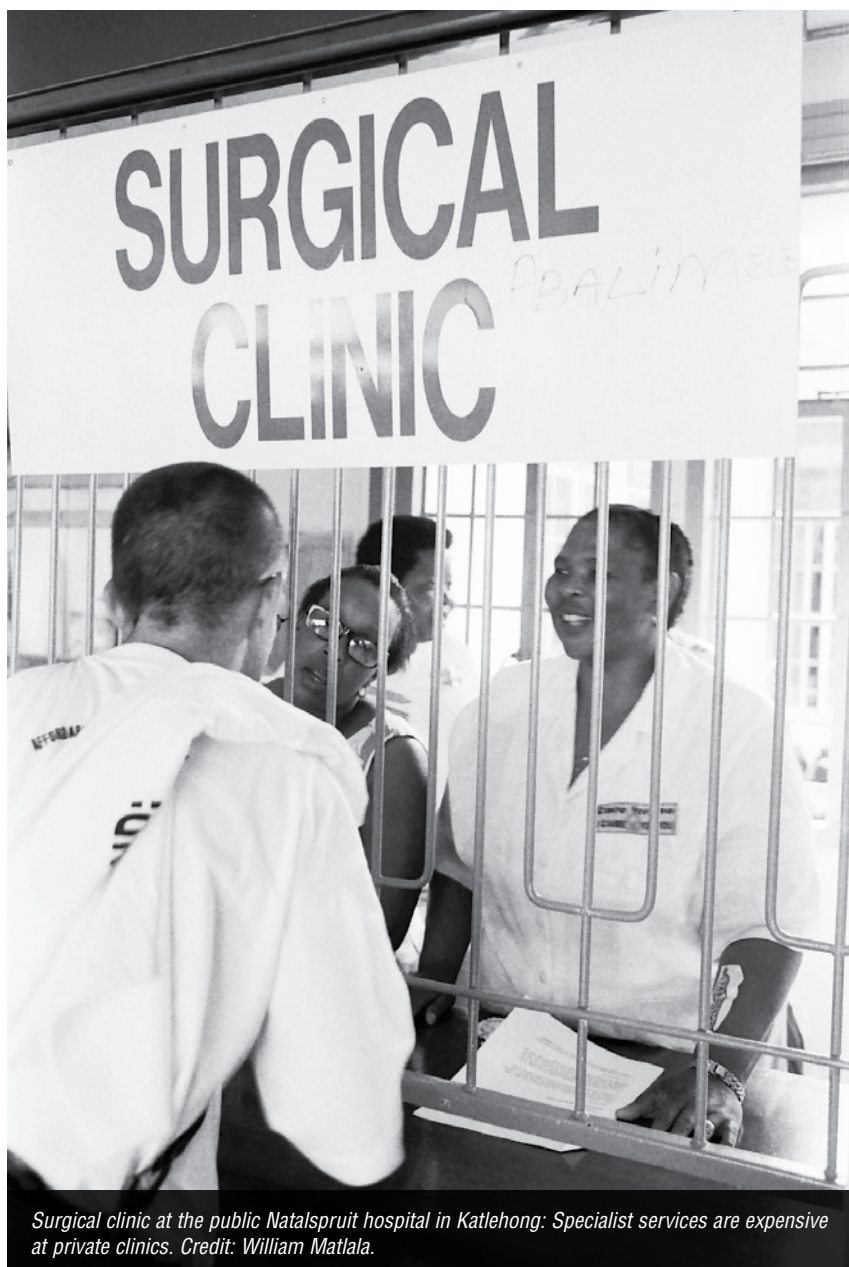
of the World Health Organisation (WHO) describes UHC as the single most powerful concept in public health. It refers to ensuring that all citizens have access to affordable quality care without suffering any financial hardship to pay for it. Health reforms were put on the agenda in South Africa as early as 1928. In 1994 health reform was on the agenda of the African National Congress (ANC). However, it was only at the party's elective conference in 2009 that a firm commitment to implementing UHC was made. Two years later, the SA government released the Green Paper on NHI which is a solidaristic transformation with serious financial challenges.

NHI is crucial to addressing the inequities of the past, especially when it comes to the provision of health care. Presently the private health sector covers only 16.2% of the population and enjoys the majority of financial and human resources in the country, while the public health sector serves the remaining 84% of the population. The NHI Green Paper argues that over the past decade private hospital costs have increased by 121%, specialist costs have increased by 120% and member contributions to medical aid

schemes have doubled over a seven-year period. Members of private medical schemes are also subject to high co-payments for services which are not covered by medical schemes and out-of-pocket payments when medical savings/benefits are exhausted. Providing health care through private mechanisms is proving to be unsustainable. On the other hand, public sector woes are constantly reported in the media and experienced by patients on a daily basis. The public sector in SA is poorly managed, characterised by poor quality, extremely long waiting times, unclean facilities and frequent drug stock-outs. NHI might not address all challenges in both the private and public sector but the SA government is certainly on the right path to doing so.

TAKING STOCK OF THE NHI

Broadly, the NHI is described as a health financing system that is designed to pool funds to provide access to quality, affordable health services for all SA citizens based on need, irrespective of their socioeconomic status. The Green Paper in 2011 set a 14-year timeline for the implementation of NHI which was broken down into three phases. Below are some of the



Surgical clinic at the public Natspruit hospital in Katlehong: Specialist services are expensive at private clinics. Credit: William Matlala.

and socioeconomic status. In the 2012/13 financial year each pilot district was allocated approximately R11.5-million through a conditional grant (which is an addition to the annual base budget, these conditional grants are often discretionary, though may not necessarily be renewed - for now all pilot districts are funded through conditional grants) for the implementation of NHI. The Green Paper in 2011 set forward the re-engineering of PHC - these are health services which are closest to the community or could be described as the lowest level of the health system for example clinics. PHC services were to be re-engineered to focus on health promotion, prevention, curative and rehabilitative services. This was to be achieved through three main streams namely, DCSTs, school-based PHC services and municipal ward-based PHC agents.

In pilot districts implementation of these PHC strategies were closely monitored. *Health-E-News* reported that the revamped school health teams have screened more than 280,000 learners in the country's poorest schools for problems related to nutrition, speech and eye sight. In some areas there were no other health services besides the school health teams. Moreover, such services are critical in health prevention and also for referral to specialised tertiary-level services. The ward-based teams which are mostly comprised of community health workers (CHW) are reported to have been rolled out extremely well, for example Tshwane has close to 1,000 CHWs in 75 ward-based outreach teams.

The White Paper, released in December 2015, also reports that these teams were critical in providing home visits around pregnancy/postnatal care and child health. Moving forward, these teams are a critical component of the NHI. CHWs are described as

important action points set out in the first phase of implementation (2011 - 2014):

- Release of the White Paper and necessary legislative processes, January 2012.
- Office of Health Standards Compliance (OHSC), 2012.
- Appointment of District Clinical Specialist Teams (DCSTs), ward-based teams and school-based service staff for Primary Health Care (PHC) services.
- Population registration for NHI at the district level, 2012.

- Contracting private providers for public sector engagements by 2014.
- Human Resources for Health (HRH) Strategy 2011 - 2014.

NHI PILOT SITES AND PHC RE-ENGINEERING

The first phase of NHI was geared towards testing implementation through the selection of 11 pilot health districts across all nine provinces in the country. Selection of the pilot districts was influenced by demographic, population



Nurses at work: Doing a routine test. Credit: William Matlala.

the game changers and pivotal in providing and increasing access to health services in many hard-to-reach communities. However, the CHWs face trying conditions such as having to walk long distances to access households, primitive recording and reporting equipment, and receiving minimal financial incentives and few labour related benefits. It is crucial that issues be addressed to ensure the sustainability of the CHW model. Lastly, the third stream of PHC- the DCST initiative aims to recruit specialists to the local level to avoid unnecessary referrals and provide a more comprehensive range of local-level services. In urban areas most of the DCST posts have been filled. However, in the rural areas like Mpumalanga and the Eastern Cape there have been challenges in filling these posts. There is also uncertainty of their exact role and how they fit into the existing health-care system. Most of the changes in terms of PHC re-engineering in

pilot districts were influenced by mandates from the national Department of Health (DoH), leaving little space for local innovation around implementation of the NHI.

As noted, the White Paper was released in 2015 instead of 2012, while population registration and further contracting of private providers have been moved to the second phase of the NHI implementation process (2017/18 to 2019/21). Government states that progress has been made in contracting private general practitioners (GPs) to work in the public health sector. However, a recent article in the *Rand Daily Mail* shows that only 200 of the 8,000 GPs working in the private sector have agreed to work in public clinics since the NHI pilot programme launched in April 2012. In a presentation to Parliament NDoH indicated that only 9% of the R388-million of the NHI component to contract private providers in the 2014/15 financial

year had been used. The DoH then contracted this component to the Foundation for Professional Development (FPD) with slightly more success. However, this component of the NHI continues to be a problem so much so that contracting of private providers has been listed as a fourth stream of PHC re-engineering under the White Paper, though no fixed deadline has been set to contract staff over the next implementation phases.

SUPPORT FUNCTIONS REMAIN WEAK

The DoH presentations to Treasury indicate that challenges in most of the pilot districts are linked to supply-chain hurdles and delays in procuring items, the inability of districts to use and access financial resources, the inability to spend on infrastructure and the lack of support from provinces. Both the Green and White Papers emphasise improvements in supply-chain and financial management, however

there is inadequate attention paid to how these issues will be resolved moving forward. Insufficient decentralisation (delegation of authority) to the district level continues to hinder districts from accessing and using financial resources. Regarding the procurement of medications, the White Paper proposes a centralised procurement system and creating a purchaser/provider split to procure health services as possible solutions. Yet current provincial centralisation for human resources and infrastructure spending has not greatly improved service delivery. Many studies illustrate that current delays in procurement are already linked to the ongoing centralisation of important functions at the provincial level. It is also unclear yet how the intended purchaser/provider split will enable efficient use of resources, better accountability and fit into existing health systems – creating a purchasing function at the district level, already challenged by insufficient managerial skills, may add further complexity instead of achieving efficiency. A PricewaterhouseCoopers (PwC) survey also indicates that for NHI to be successfully implemented it is essential for functions to be decentralised.

IMPROVING THE QUALITY OF PUBLIC HEALTH SERVICES

Both the NHI Green and White Papers place a substantial emphasis on the establishment and role of the OHSC which is meant to improve and ensure quality health services. While the OHSC has been established and an audit of all public health facilities in the country has been carried out; some of the audit findings point to improvements in infrastructure in pilot districts, yet significant results have not emerged in the rest of the public

health sector. To some extent the notion of an ‘ideal clinic’ has been implemented throughout the country, being officially proposed in the White Paper. All clinics are meant to conform to set National Core Standards and if not they will not be accredited under NHI to provide health services – moreover, the Operation Phakisa Ideal Clinic is proposed in the White Paper to be extended to hospitals. However, it is yet to be seen and highly doubtful that the OHSC and ‘ideal clinic’ initiative alone will yield substantial quality improvements in the public sector.

PLANS & STUMBLING BLOCKS

The second phase of the NHI 2017/18 to 2019/21 is geared towards establishing a fully functional NHI fund which will procure health services from both private and public providers. This phase will also involve registration of patients to the National Insurance. The third and final phase is set for 2021/22 to 2024/25. It is in this phase that public and private health services will be integrated into a single system, medical aids will offer only a complementary top-up cover (provide services which are not offered in the public sector) and mandatory prepayment taxes will be introduced to finance this health reform.

Forging ahead the type of leadership provided by Minister of Health, Aaron Motsoaledi, is required to carry the intended plans through. Yet significant questions remain. It is not clear how private providers will be contracted and the role of medical schemes at this stage is set to be complementary to the national fund though details around this remain unclear. As noted in parliament NHI is a largely socialist, solidaristic initiative which will be difficult to implement in SA’s neo-liberal

environment which makes provision for profit sectors and consumer choice. In line with our previous writings in the *SALB* (August/September 2015), the White Paper rightly acknowledges that state contribution to medical aid schemes (R20-billion) should be redirected and that regulation of the private sector will also assist with raising and redirecting funds towards NHI. Detail is lacking on the regulation of the private sector and its future role. There are already high levels of dissatisfaction amongst citizens around increased taxes and having to pay for public health care which many consider highly inadequate and of poor quality. The government will have no choice but to improve the quality of public health services to ensure buy-in of important stakeholders such as citizens and doctors from the private sector. But how will this be funded, given the state of the economy?

In its current detail, the White Paper places too much emphasis on the OHSC, the ideal clinic in the purchaser/provider split. Other key elements, such as decentralisation and improvement of support functions (financial management, procurement etc) remain less well articulated. Moreover, NHI has adopted an authoritative top-down approach with mandates and policies around implementation. Moving forward, what of space for local innovation to fit specific contexts and respond to health needs of patients instead of meeting demands of DoH? What of prioritising stakeholders who matter most, the ‘targets’ of UHC? ^{LB}

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Gender equality in SA

Exploring possibilities

Despite laws and United Nations conventions being in place, South Africa still has a lot of work to do to achieve gender equality, writes **Fundi Nzimande**.

The struggle for gender equality is historically characterised by significant strides forward and then by steps that push back the victories on women's emancipation. This has been the case in the former Soviet Union and the western world. In the former, tremendous strides were made to advance gender equality during Lenin's time but this changed under Stalin as other issues such as industrialisation were prioritised and separated from the social aspects of development. In the latter, strides were made between the 1950s and the 1970s in advancing gender equality, but in the 1980s new trends that pushed back gender equality emerged.

In SA the struggle for gender equality emerged in the early 20th century with the establishment of the Bantu Women's League by Charlotte Maxeke in 1931. The African National Congress (ANC) was launched as a men's organisation with women only being admitted as members in 1943. Five years later, in 1948, the ANC Women's League (ANCWL) was launched under the leadership of Maxeke as the first president.

The following decades registered varying trends which included the launch of the Federation for South African Women (Fedsaw) in 1950 and the Women's March of

1956. The UN Conference on the Decade of Women in Copenhagen 1980 galvanised the ANCWL into making concrete demands on women representation while the ANC Conference of 1991 adopted a 30% quota of women representation in parliament. The Women's National Coalition conducted research on women's needs and pushed alongside the ANCWL for involvement in the negotiations process and the post-1994 period saw the ANC's Polokwane Conference adopting the 50:50 quota on women representation.

In the 21st century historical contradictions on gender emerged much more sharply as witnessed in the continuation of polygamy and the rise of a range of patriarchal tendencies rooted in pre-colonial and colonial cultural practices as well as interpretations of religious texts that resulted in misogyny, battery of women, femicide, rape, group rapes, 'correctional rape', stoning and murder of lesbian women, targeting and murder of isolated old women as witches, uprisings against women leadership as witnessed in KwaZulu-Natal (KZN) and the West Rand, intimidation of women leaders or managers, and the brutal killing of women leaders in KZN. In some of these cases we can see the coming together of race, class and gender dynamics.

Whilst tremendous strides have been made at government level in affirming and increasing women leadership in parliament, in cabinet and in the bureaucracy, this has not been mirrored in the private sector and in broader civil society. Socioeconomic and policy interventions have been introduced to mitigate the conditions and the status of women but these have struggled to take root as a result of patriarchal resistance. This has led us to this moment where there is an unbridled backlash against all the human rights legislation, policies and practices as well as gender equality provisions introduced by the ANC-led democratic government. With an entity called 'Isikhalo samadoda' gaining a foothold in KZN, South Africa is under siege of a patriarchal, misogynistic, anti-gender equality and anti-human rights phenomenon and people seem to have been caught unawares by this state of affairs.

Women and children in developing countries are the most vulnerable when it comes to issues of crime, violence, conflict and political instability. In the South African context it is the same. Even when a country is at peace, women are still the most vulnerable to violent crimes. In addition, they are targeted for sexual crimes in their homes, in schools and in the workplace. In recent years there has been a marked increase in



Following debates closely: Women's day celebrations at Constitutional Hill, Johannesburg.

the rape and murder of women in rural areas whilst at the same time women-headed households in general are targeted for crimes such as break-ins.

In addition, sporadic attacks on Africans from other countries add another strain on safety issues. These have, in the past, been dealt with in unsustainable ways such as establishing poorly managed camps. There is a worrying lack of coherence in the decision-makers' pronouncements and approach on these incidents. Although the different impact on men and women has not yet been studied there are anecdotal indications that women's experiences of 'xenophobic attacks' are more traumatic because of displacement and separation from their children and partners/husbands.

This points to a need for community safety plans that integrate gender concerns to be developed by government. These plans need to be monitored for effectiveness on an ongoing basis and should include prevention of gender-based

violence, violent crimes and women's vulnerability to crime. Issues of human and financial resources for community safety are key to these discussions.

ECONOMY AND GENDER

The South African economic structure is quite rigid and favours white males. Economic policies introduced in the post-1994 period have had minimal impact on the structure of the economy because of a hesitant or indecisive approach by the ruling ANC government. This hesitation is worsened by the challenges of implementing policy at various levels which tend to have varied interpretations. The de-industrialisation of SA towards the end of the 20th century, caused by the rise of competition and the emergence of the Asian Tigers and China as a powerhouse, made the economic situation worse. The growth of the service and financial sectors in the 21st century has not provided growth in sustainable and secure employment. These factors

coupled with corruption have ensured that policies only served to keep the structure of the economy whilst locking black people, the youth, the disabled and women outside.

The negative impact of the international economic crisis is still with us and saw the South African economy shedding over a million jobs where four out of five jobs were lost by women. Other sectors such as mining and finance continue to shed jobs.

Michael Rogan argues: 'the Multidimensional Poverty Index (MPI) analysis confirms the existence of a large, and statistically significant, gender poverty gap: women are significantly worse off than men, and female-headed households are significantly worse off than male-headed households - despite overall poverty being much lower in 2008 than in 1993.'

This analysis argues that economic policy and practice should be directed at eradicating poverty by using a combination of interventions

that seek to create new entrants into the productive or real economy in the context of capital flight. Economic policy should also seek to ensure that it is able to access and contribute to skills development, create jobs on a mass scale that are properly integrated with and responsive to environmental and climate change concerns. Additionally, it should be fairly integrated with the regional and continental economy and seek to remove the rigidity of the apartheid-era economic structure. Building collectively-owned enterprises in addition to existing ones and consciously seeking to eradicate poverty, ignorance, discrimination, prejudice, inequality and racism should be other functions of the economy.

The International Covenant on Economic Social and Cultural Rights (ICESCR) was signed in 1994. However, SA ratification was done in 2015 giving rise to the question why such an important covenant was delayed for so long by a country which inherited so many challenges from apartheid's legislated racism. Article 3 of the Convention has not been met and a lot of work still has to be undertaken by the state to ensure that, 'The States Parties to the present Covenant undertake to ensure the equal right of men and women to the enjoyment of all economic, social and cultural rights set forth in the present Covenant.'

Article 11(1) is not a reality in the SA context as so many women and children live in poverty: 'The States Parties to the present Covenant recognise the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions ...'

EDUCATION AND SKILLS DEVELOPMENT

Education is still a sore issue. Whilst some attempts have been made to improve access to education and to support poor learners,

these initiatives have been located at lower grades. In transforming education in a manner that advances the interests of socially excluded groups including black, rural, and disabled people and women, there is need to look at the system in a meaningful way including adult education, worker education and higher education. The interventions that have been instituted so far are welcome and appreciated but are not bringing long-term or sustainable improvement in education for both social and economic development.

Education should contribute to the transformation of society not only in terms of developing skills for economic participation or employment but also for humane engagements informed by awareness and ethics of gender equality and basic respect for all human beings and children. These ethics need to be integrated with those of community service, trustworthiness (in managing public funds as the victims of poor public finance management are poor people, the majority of whom are women and children).

The discussion and application of religious texts need to include an eradication of hatred which often leads to crimes against some social groups. In the distant past this has resulted in sustained attacks on Arabic, Moslem, Jewish and African people with the most vulnerable being women as these attacks tend to have an added sexual aspect for women around the globe. In the modern era these attacks include gay people especially women in SA. There is no religious text which advocates violence against people because of their sexual orientation and yet certain groups insist on haranguing and in extreme cases physically attacking gays and killing lesbian women under the name of religion.

Faith-based communities need to be brought into the discussion around human rights in SA and to be engaged in the promotion of the right to life and the right to security

which are trampled on, sometimes with impunity under the guise of religious belief.

The media has also failed vulnerable groups, not least women and children. The media is well-positioned to provide education on gender equality and other community building and pro-people matters. Instead it focuses on sensational and destructive stories that target carefully-selected victims and fails to inform society in a consistent manner on women's and men's rights. The media has also failed to educate society on respecting poor people as well as women and children thus running the risk of becoming irrelevant on the basis of their negativity and on isolating certain individuals and groups for sustained attacks instead of providing information that people can use to transform their lives and live peacefully. They have failed to inform our society about the dangers of gender-based violence (GBV) which costs the country annually. For example, health costs that are borne by individual women and children. GBV also enslaves women and children which ultimately costs society especially from the loss of social and economic contributions.

The South African Broadcasting Corporation (SABC), for example, still has a long way to go in ensuring that it plays a meaningful role in education and information – not only on gender equality and women's advancement – but on other areas that could be taking society forward such as climate change. This means that as the South African public we remain poorly or not at all informed about gender equality and women's rights (amongst other things) and the UN Committee comments: 'It is further concerned that women themselves are not aware of their rights under the Convention or of the complaints procedure under the Optional Protocol, and thus lack the necessary information to claim their rights'.

JUSTICE, POLITICS AND DECISION-MAKING

The judiciary needs input to ensure that it serves women, men and children and contributes to gender equality. The judiciary, in the main, (because there are pockets of gender consciousness) has failed society. This is informed by the massive losses suffered by women and children in cases of divorce, child maintenance and sexual violence. In some of the cases it is clear that only men's interests are considered at the expense of women and children. Men also do not seem to understand the new legislation especially their rights to have relationships with their children. Judgments are archaic or based on apartheid-era legislation as well as patriarchal tendencies which is why gender activists need to continue to wage a struggle for the comprehensive transformation of the judiciary.

The UN committee monitoring the implementation of the Convention on the Elimination of All Forms of Discrimination Against Women (Cedaw) had this to say about SA: 'However, the Committee is concerned about the general lack of awareness of the Convention and its Optional Protocol in the State Party, in particular among the judiciary and other law enforcement officials.'

The UN Committee also added that there should be free legal aid for women, that the Traditional Courts Bill be aligned to the Constitution, and that training on UN Convention and Optional Protocol is necessary.

These inputs from the UN Committee do not seem to have moved the State Party in terms of ensuring that plans are set in motion to make the entire judiciary and other law enforcement organs aware of the Convention and its Optional Protocol. This Convention was ratified by SA enthusiastically in 1995 but it has not been implemented as comprehensively. The incomplete application of the Convention necessitates the need for the organisation and

mobilisation of women's rights and gender activists to ensure that there is no backtracking or backlashes when implementing policies that advance women's rights and gender equality. On-going public education is necessary to ensure the complete eradication of gender inequalities.

South Africa has done relatively well on the involvement of women in decision-making in the public sector. We can mark huge advancement in terms of the participation of women in the appointment and election of women into decision-making positions in the bureaucracy and in parliament and provincial legislatures, although the same is not reflected at local government level. It is hoped that the SALGA Women's Commission will address this.

In traditional leadership circles women are still a huge minority because of persisting traditional and patriarchal interpretations of inheritance and legacy. The UN Committee noted as follows:

'The Committee is concerned about the persistence of patriarchal attitudes and deep-rooted stereotypes concerning women's roles and responsibilities that discriminate against women and perpetuate their subordination within the family and society. It notes that such discriminatory attitudes and stereotypes constitute serious obstacles to women's enjoyment of their human rights and the fulfilment of the rights enshrined in the Convention. The Committee is thus concerned by the insufficient, effective and comprehensive actions to modify or eliminate stereotypes and negative traditional values and practices in South Africa. The Committee also expresses serious concern about the persistence of entrenched harmful cultural norms and practices, including *Ukuthwala* (forced marriages of women and girls to older men through abduction), polygamy and the killing of 'witches'. The Committee also expresses its concern at the continuing stereotypical portrayal of women

in the media, which encourages discrimination and undermines the equality of women...'

In the private sector women are barely visible in decision-making structures and in the parastatals women are still a minority in such structures. Where women have been appointed; the backlash has been severe and this is attested by the quick nature in which they move out of these decision-making positions. In the NGO and CBO movement women are still a minority at decision-making level. This situation is reflected more harshly in the trade union movement with notable exceptions in a very few public sector unions.

The Committee noted that, 'the same level of progress (on women participation in public life) has not been achieved and that obstacles to the advancement of women still remain in other areas of public and professional life and in decision-making positions, including in the judiciary, local government, trade unions and the private sector'.

CONCLUSION

South Africa has not been immune from the gender backlash experienced by other countries that attempted to ensure the protection of women's rights and dignity as well as to advance gender equality. Many of the gender equality commitments that are in the Constitution and international conventions, recommendations and covenants that SA has ratified as a nation-state have been inadequately implemented as a result of the intransigent patriarchal practices that are gaining strength in the current backlash. It is hoped that all those who are in leadership will note the concerns about the backlash and the backtracking that is occurring on building a culture of human rights and put measures in place to further advance gender equality. ¹⁸

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Labour market transformation

Is it keeping up with democracy?

Labour market transformation is more than enacting laws. There should be dialogue between social partners including business, civil society, labour and government, writes **Glen Cormack**.



Jovial demonstration: Municipal workers take their demands to the streets of Johannesburg.

The effect of the changes in labour market policies, legislation and practices in the 1980s in the wider struggle for transformation of our South African society and its quest for democracy was profound. The basket of new labour legislation that followed in the 1990s after the advent of democracy in 1994 and under the amended Constitution of 1996 was structured to transform the one arena where all races mingled interdependently as society tried to unfetter itself from the separateness and discrimination of apartheid.

This article proffers a cynical view that our labour market remains largely untransformed, failing the opportunity presented to contribute to the wider transformative 'Constitutional Project'. This view is gleaned mainly from experiences over 20 years of the Commission for Conciliation Mediation and Arbitration (CCMA) and bargaining council dispute prevention and resolution processes, backed by analysis of certain key labour market indicators.

It culminates with some scenario sketching and a considered view that the objectives set in the 1990s can and still should be pursued – but with more vigour and determination from all social

partner leaders. Without this transformation at the very centre of our labour market and economy, the basic objectives of the Constitution as seen in its Preamble will remain but a dream as society unravels into chaos, unrest and failure – followed by increased oppression and crack-downs on dissent. The labour market is at the heart of the economy and the economy at the heart of our society.

BRIEF CONTEXT

In the late 1970s and 1980s the proliferation of black unions and industrial action by their members gave impetus to the air of general uprising initiated by amongst others the Soweto youth in 1976, the mobilisation of the 600-plus civic organisations under the umbrella of the United Democratic Front, and the call for making townships ‘ungovernable’ and the states of emergency declared by the late president PW Botha. Notwithstanding this mood of uprising, the ‘emerging’ unions gave many of us our first experience of democracy where members joined unions, elected leaders, established constitutions, embarked in negotiations and entered into collective agreements with employers – all of their choice.

This, coupled with astute use of the courts of the day by some union leaders, gave rise to a sense of structure, rules and practices that framed an orderly process for industrial relations. This democratic organisation of workers in turn provided a role-model for the formation of additional political parties and their participation in the historic elections of 1994.

The new government, formed under the negotiated Constitution, set about introducing a raft of transformative labour legislation to wipe away the legislated discrimination and inequality found in our labour market and workplaces. It was hoped that transformed workplaces, manifesting the ideals

of equality, fairness, rights and protections as entrenched in our Constitution, would in turn give further impetus to the transformation of our very society – where practices still showed the legacy of apartheid in communities separated by race, churches separated by race, sports separated by race and of course ownership of mainstream businesses and the economy vested in the racial elite – whites.

REALITIES SET IN

Did this transformation occur? It could be argued that yes, partially, transformation of workplace relations began. Amongst other issues freedom of association, the right to fair labour practices and the right to strike were entrenched through the Labour Relations Act (LRA). The Employment Equity Act prohibited discrimination and legislated for affirmative action, the Basic Conditions of Employment Act (BCEA) gave protection to farm and domestic workers as well as other vulnerable workers previously excluded, and the various Sectoral Determinations set minimum wages for these vulnerable workers. However, transformation cannot merely be legislated, it requires commitment, leadership, programmes of change management and reinforcement – including consequences.

It could be argued however that in the main, the effect of these legislative changes was to merely create a system wherein aggrieved workers could give voice to their grievances through the CCMA, the Department of Labour and the Labour Courts. Disputes flourished, escalating to the combined 900 disputes referred every working day to either the CCMA and/or the respective bargaining councils. Rent seeking dispute resolution industries took form, either in the shape of employer organisations and consultancies or unaffiliated trade unions – all focusing on representing members at the CCMA in their

disputes – with the latter doubling in size as it struggled to process the volumes of disputes that arose. As it is, 75% of the 900 disputes referred per day are settled at the CCMA/ bargaining councils, meaning parties agree on the outcomes. Why could they not reach these agreements without referring disputes to the CCMA if workplace relations were transformed? The focus on rent seeking permeates even the workers referring the disputes, not seeking reinstatement in their jobs but money, money, money. This is seen in the mere 12% reinstatement levels in resolution of disputes.

The volumes of mutual interest (wages and substantive conditions of service) disputes increased year-on-year to the approximately 5,000 disputes referred in 2014. These are disputes where parties cannot find each other when negotiating in good faith and again need to resort to the CCMA for assistance – which is given successfully in 67% of these disputes. Why can't the parties find one-another themselves if workplace relations have transformed? The unacceptable levels of violence during strikes is well documented in our media and referred to in our Labour Courts, and of course the massacre of 34 striking miners by the police at Marikana in 2012 cannot go unmentioned.

Compliance with BCEA and Sectoral Determination minimum standards fluctuate between 65% and 85% levels. A simplistic extrapolation of these trends show a labour market where between 1,5-million and 3-million workers do not even enjoy the minimum standards and conditions of service set out in law. Yet our Constitution calls for equality before the law and the right to fair labour practices? Repeated calls for strengthening the Department of Labour's inspectorate would not be necessary if workplaces had transformed and there was greater compliance – after all we are talking about the bare minimums.

The most visible transformation of workplaces should be seen in the arena of employment equity and affirmative action. However, despite the introduction of the Employment Equity Act in 1998 the workforce profile in 2014 at the top management level by race remains at white 70%, Indian 8.4%, coloured 4.7%, African 13.6% – a tragic failure of transformation of workplaces 20 years into democracy.

WHY WE HAVE FAILED

The answers to this simple question can be the subject of debate for years. However, this article sets out some simple flaws identified with hindsight and ignored when voiced by concerned activists, practitioners, and academics at the time. The writer is of the view that the lack of real transformation can be placed squarely at the failure of social partners to deal with racism and the racist legacies embedded from apartheid in our labour practices.

Racist practices shaped the ownership and behaviours in our workplaces prior to and in the 1980s and 1990s. Legislation was developed to address this, including the waves of Black Economic Empowerment regulations that have

unintentionally given rise to fronting and its concomitant corruption and lack of competitiveness. The spirit of the 'rainbow nation' concept died at birth. The worst of the free market system prevailed with the natural drive to accumulation by some previously dispossessed or disallowed.

Corruption of the spirit of activism and democracy took root as one corruption scandal after another erupted until looting became the order of the day – manifested in business through collusion, tax avoidance, fraud and poor delivery. Organised labour imploded as leaders lost touch with members and ordinary workers as they became co-opted by the very employers they were supposed to challenge. This is manifested in the loss of 180,000 members by trade unions over the last two years. If public service union members were excluded from calculations, the level of union membership in the workforce would be a mere 10%. The examples of corruption at local, provincial and national levels of government are legend. Nothing demonstrates this more than the recent finding of 36,000 'ghost-workers' on a single province's government payroll

and the alleged capture of state responsibility to appoint teachers and principals by corrupt officials of government and some public service union members.

Civil structures and their role in transforming society and workplaces came under pressure through naïve belief in the slogans of political parties competing not for transformation but for power, and as their funding dried out. Only recently are churches speaking out again against injustices but nowhere near the levels where our clergy-led civil protests and delegations as they did in our quickly forgotten past. It was as if all social partners declared 'Its feeding time – come and get it'.

SCENARIO SKETCHING

Personal experiences in the 10,000 odd labour disputes dealt with in the last 20 years have shaped my views regarding residual racism in labour matters. Hardly a single day goes by without yet another incident of bigotry coming to the fore. The LRA seeks in its objectives economic growth, labour stability, promotion of social justice and the democratisation of workplaces. The current trends show just the opposite being achieved.



Pikitup workers march in Braamfontein.

The economy is at a recent 'all time' low with hundreds of thousands of jobs being lost, labour and overlapping civil protests are at frightening levels with the police attending 14,000 protests in the last year, including the #FeesMustFall protests and invasion of parliament, non-compliance with basic conditions of employment coupled with the indignity of the highest levels of unemployment in a similarly developing economy anywhere in the world giving a lie to the concepts of social justice, the effects of globalisation and non-standard employment, plus the diminishing levels of unionisation of employees mitigates against workplace democracy. It is time to pull our collective heads out of the sand and look at our world of work for what it is.

Failure to realise the 'Constitutional Project' in the transformation of our labour market will escalate the threats of labour instability and levels of unemployment informed by a hopelessly inadequate education system will continue to rise together with crime and inequality. The vulgarity of the latter must be like a daily slap in the face to youth that have struggled through schooling, seeing their parents struggling to give them what has now been downgraded into a worthless certificate and who remain destitute with no hope of change 'trickling down' to make their lives more meaningful. The 3,5-million youths that are not employed and have no access to a social security network will form the involuntary fodder for uprisings and the predictable cycles of destruction that will follow - destruction of jobs, of economic growth, of infrastructure, of lives, of opportunities, of cohesion, and of hope.

WHAT FURTHER TRANSFORMATION IS REQUIRED?

Whether we like it or not, the stranglehold globalisation has on our economy cannot be ignored. Recent

developments in Greece have shown just where the economic power lies. Meaningful numbers of jobs will only flow from growth in the economy. Growth requires our businesses and services to be globally competitive to exist and prosper. Competitiveness requires employees to be skilled. Skills development requires access to quality education. Access to quality education requires poverty minimisation. Poverty minimisation requires increases in income levels and so the show goes around. So where do we begin?

We can and must start with commitment to transformation and change, commitment verbalised and demonstrated by leadership of social partners at every level, commitment arising from joint problem-solving approaches amongst social partners, commitment that is seen and felt throughout our workplaces and communities where employees live, commitment that adds dignity to the way lives unfold. These are not questions of policy or legislation but human behaviours and interaction.

Organisations should adopt best practice approaches to transformation focused on addressing the common challenges of inequality, unemployment and poverty. Restoring dignity and embedding social justice should be at the hearts of these efforts. This includes actively rejecting corruption at every level and insisting on consequence for non-compliance with just laws. Where practical, redress for exploitations and malpractices should be instituted. The 'haves' will need to share more meaningfully with the 'have nots', not merely giving lip-service support. A five-to-ten year plan of building stability and faith in our labour market and workplaces should be agreed upon and implemented, including programmes of business and community supported youth development and employment initiatives.

Corporates and other companies could take the lead by ring-fencing increased social investments (from 6% to 10%?) for broad initiatives that will have the largest 'knock-on' effect on transformation. Poor education and health-care service delivery should be unrelentingly uprooted by all leaders so that our youth can take their place in society with hope and dignity. Business chambers and associations as well as trade unions should adopt vigorous and comprehensive conflict management, dispute prevention and resolution programmes - raising the capacity of employers and employees to deal with grievances, discipline and other workplace-related issues with competence. Business and labour should embark on joint efforts to improve productivity and competitiveness, with the 'What's in it for me?' issue addressed maturely, for example no strike agreements in return for inflation plus 5% increases over a ten-year agreement period - lifting employees and their dependants out of poverty through their 'worker-equity' contributions. The churn amongst union membership should be addressed to bring organisational stability to workplaces and deep-rooted workplace relations developed.

CONCLUSION

We have learnt the extent of our naïvety of belief that a democratically elected government will lead us as a unified nation to our dream of a rainbow nation. No country facing the challenges we face in South Africa can leave it to government alone to deliver growth, stability, justice and democracy. It needs leadership of business, civil society, labour and government to do this and it should start now! ^{LB}

Glen Cormack is a part-time commissioner with the CCMA, and panellist with numerous bargaining councils. This article is written in his personal capacity.

Connecting anti-austerity and climate justice policies?

How can unions and social movements do this?

Anti-austerity and climate justice policies should be fought in the bigger context of the fight against capitalism, writes **Asbjørn Wahl**.

Humanity is currently faced with a number of deep and challenging crises: economic crisis, social crisis, political crisis, food crisis – and last, but not least, the climate crisis, which is threatening the very existence of millions of people on this planet. These crises have many of the same root causes, which go to the core of our economic system. Strong vested interests are involved. It is thus an interest-based struggle we are facing. All over the world, people are organising and fighting against the effects of the crises. Trade unions are heavily involved in many of these struggles, and so are many other movements – single-issue as well as broader social movements. Increasingly, our entire social model, the way we produce and consume, is being questioned. The way out of these crises requires a system change, which can only be achieved if we are able considerably to shift the balance of power in society. This leaves us with the challenge of unifying movements and on-going struggles – particularly to unify the anti-austerity with the climate change struggle.

FAILURE OF THE COP PROCESS

Governments have been negotiating for more than 20 years (more or less since the Rio Summit in 1992) in order to agree on measures which can

save us from the climate crisis. What has happened during these more than 20 years, however, is not a cut of greenhouse gas (GHG) emissions, which is required. Quite the opposite. Emissions have increased immensely, by more than 60% from 1992. Transport emissions have increased 120% over the last 30 years, and they are still increasing all over the world – even at a rate that outweighs cuts in other sectors of the economy.

Given the catastrophic effects that global warming will have, why have our governments not been able to agree on necessary measures – which are both possible and realistic – to cut GHG emissions? It is not because there is a lack of solutions. The climate crisis can be prevented. We do have the knowledge and technology we need to do so. What we lack is the social, political and economic power sufficient to carry out the measures necessary to stop global warming. It is, in other words, a question of power.

This social, political and economic power to stop global warming, however, will not come from the economic and political elites that govern us and control big oil and big finance. Only massive pressure from below, from a broad coalition of trade unions, other social movements, environmentalists and others can save us from the climate catastrophe.

AN INTEREST-BASED STRUGGLE

We are talking about vested interests, and we are up against some of the most powerful corporations in the world – in alliance with an army of neo-liberal politicians serving their interests. Seven of the ten biggest and most powerful companies in the world are oil companies who are using all their power to avoid policies that can hurt their economic interests. They execute enormous economic and political power. Where politicians are for sale, they buy them. Where governments or regimes challenge their power, these companies contribute in getting rid of them.

The effects of the economic, social and political crises we live with, and have lived with for quite a while, is another interest-based struggle – and it is not so difficult to identify the different interests. Workers all over the world fight against the crises – they fight for decent jobs, living wages, social protection, and against unemployment and social degradation. They fight to improve their communities, for the livelihood of themselves and their families. Much of the policies addressing these crises, are named austerity policies. Austerity policies are not, as some will have it, ‘necessary cuts in over-expanded public services’ or ‘necessary downward adjustment to make

workers' wages competitive'. Austerity is a class-based policy, policies that are carried out in order to destroy the welfare state, privatise public property and public services and defeat the trade union movement – with the final aim of increasing the return of investment. This represents the main frontline in the class war which is currently riding the world.

SYSTEMIC CRISES

The fight against climate change – against climate catastrophe – is not an extra struggle that the trade union movement must take on, in addition fighting austerity. It is, and will increasingly be, an important part of the same struggle. If climate change is not stopped, or limited to the 1.5 or 2.0°C, which is within reach if we act rapidly and forcefully, it will actually become job-killer number one. It will destroy communities and millions of jobs, and lead to enormous social degradation. It will further redistribute wealth from the bottom to the top, and massively increase poverty and cause emigration crises of unknown dimensions. Our struggle to avoid devastating climate change is therefore an important part of the interest-based struggle on what kind of society we want.

Both the economic crisis and the climate crisis are systemic crises. They are both rooted in the same economic system. A system which is geared towards making profits rather than producing use values and is dependent on economic growth (a capitalism without growth is a capitalism in crisis). A system which is exploiting workers and over-exploiting natural resources and is crisis-ridden and which again and again creates and recreates mass unemployment, poverty and misery. Now, it is also about to destroy planet earth as a place to live for future generations.

PUBLIC OWNERSHIP

To stop this, we need to act rapidly and forcefully. We are already just about to pass the point of no return

regarding the 2.0°C threshold of global warming. During the more than 20 years of the COP process, we have seen that big oil, big finance, neo-liberal governments and market forces have not been able to solve these problems for us. The same goes for the economic and social crises. Quite the opposite. They are mobilising all their power to avoid any restrictions on their desperate hunt for more profit. More austerity and more GHG emissions are the results.

The only way to meet these challenges is therefore to bring these powerful corporations and institutions under democratic control. That requires the mobilisation of enormous social and political power. Neither the trade union movement, nor the environmental movement, nor sectoral social movement of other sorts, nor single-issue movements are able to win this struggle alone. We need, more than at any time before, to build broad alliances of social movements – and others – if we are to turn the tide in this struggle.

UNIFY THE SOCIAL WITH THE CLIMATE CHANGE STRUGGLE

The trade union movement will have to play a decisive role in this struggle, because of its strategic position in society. However, we have to be honest and admit that so far, the trade union movement has not taken sufficient responsibility in fighting these crises. Trade unions are on the defensive all over the world. There are reasons for that, even though it is an immensely important issue which I think should have been higher on the agenda in many meetings, not least the meetings organised by trade unions themselves. Maybe that could also have helped us to go beyond the very narrow, textual preoccupation of the so-called 'just transition', to focus more on the strategies to achieve it.

Anyway, the main tasks we face today seem quite clear. We have to unify the social struggle with the

climate change struggle – since the root causes as well as the measures necessary to fight them are many of the same. We have to build broad alliances – strong enough to mobilise sufficient power to shift the balance of power in society. To bring strategic sectors of our economy into public ownership under democratic control will have to be a decisive part of such a struggle. In the climate change struggle, the energy sector stands at the forefront. CO emission is all about energy, and without bringing it under democratic control, there is no possibility to achieve the transformations we need, deeply and rapidly enough.

GROWING PRESSURE FROM BELOW!

The anti-austerity struggle raises the need for public ownership and democratic control in a number of other areas – in defence of public utilities as well as in the fight to bring privatised property and services back under democratic control. The fight against climate change and the fight against austerity cannot be abstract and too general. These struggles have to address concrete problems and solutions in workers' and people's daily lives. We need to unify and make the struggles broader, as experiences teach us to do. Most unions today are involved in some kind of anti-austerity fight. Ever more trade unions actually join the campaign against climate change. Initiatives like the Trade Unions for Energy Democracy and the Global Climate Jobs network represent important developments in this regard. What we need now are broad coalitions willing to fight, a more radical agenda, more militancy and thus growing pressure from below. ^{LB}

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Dismissal after notice

Struggle to cleanse Zim's colonial ghosts

Although in the *Zuva* case Zimbabwe's Supreme Court allowed for dismissals of workers after receiving notice from an employer, amendments to the labour laws have contained this, writes **Munyaradzi Gwisai**.

Gubbay CJ aptly put it in *Zimnat Insurance Co. Ltd v Chawanda*: 'When these ghosts of the past stand in the path of justice clanking their medieval chains the proper course is for the judge to pass them undeterred.' In *Delta Corporation v Gwasbu*, he went on to warn on the dangers of using outdated common law principles to interpret modern statutory employment codes designed to promote employment security. In words very pertinent today, he held:

'Departures from these codes only serve to undermine the labour standards agreed by employees and employers and risk reviving the old master and servant laws of the common law. As the common law was tilted in favour of the employer, continued reliance thereon in labour relations is, in my view, retrogressive.'

The new Constitution has given seal to this direction of modernising common law to make it consistent with a society based on values of equality and human dignity. South African superior courts have certainly shown a willingness to travel in that direction, holding that the common law contract of employment must now be interpreted to include an implied duty on every employer to fairly

treat its employees. Commenting on the potential impact of new constitutions that enshrine labour rights on common law, eminent author, J Grogan observed:

'The entrenchment of labour rights in general terms raises the prospect of a constitutional jurisprudence being developed by the civil courts and the Constitutional Court that may have a far-reaching effect on the way the contract of employment and the employment relationship are approached in the future. This could lead to a cross-fertilisation of the principles of labour law, the common law and public law.'

For a while, it seemed Zimbabwean courts were moving in the above direction, upholding the special jurisdiction of the Labour Court to effect social justice and democracy in the workplace, and the application of fairness and equity principles in termination of contracts for incapacity due to illness or in cases of unilateral transfers of employees.

Unfortunately the *Zuva* decision indicated that the majority of the bench, that had always stood for the eminence of classical common law principles over the equity principles clearly implicit in the Labour Amendment Act of 2002 have had the final say. When confronted

with the ghosts of the past in *Zuva*, and despite a new Constitution that clearly calls for the cross-fertilisation of common law with social justice principles, the Zimbabwe bench retreated.

But *Zuva* should not be read in isolation. It marked the climax of a projectile of the majority of the bench of promoting classical common law principles, even if these are inconsistent with the new normative values underlying labour law in the country. The court chose to resurrect those ghosts of the past that the post-colonial state had banished more than three decades ago with a set of emergency powers, to reverse an earlier brazen judicial subversion of clear legislative intention to protect workers. As to this character of the Zimbabwean bench, I had in an earlier commentary in 2006 given a hint as to the root cause:

'The current state of labour law exhibits this mixture of contrasting ideological positions – but it is an uneasy balance and one that is unlikely to last. The definitive direction of state and ruling class ideology is labour market liberalisation consistent with unitarism and neo-liberal globalisation. Several factors point to this, including:

- Since 2003, the return to neo-liberal economic policies by the state, spearheaded by Reserve Bank governor, Gideon Gono, who has already significantly restored neo-liberal policies in the financial, monetary and fiscal sectors
- Generally a growing conservatism in Zimbabwe's elites, in particular those in the legislative and judiciary arms of the state - one of the most ominous results of the elite-based land reform programme is that it created a landed local elite but one which is financially weak and therefore compelled to resort to the most brutal anti-working class practices and laws reminiscent of the primitive accumulation and post 1960s eras. Virtually all Zanu PF parliamentarians are now commercial farmers as are at least three quarters of High Court and Supreme Court judges ... On the other hand, the opposition is dominated by petite bourgeois elites, who long ago prostrated themselves before western neo-liberal political and economic forces and are now eager to get into state power, even as junior partners, and accumulate property as a neo-colonial dependent capitalist class (comprador bourgeoisie).'

ZUVA PETROLEUM AND LEGISLATIVE INTERVENTION

In scenes reminiscent of the early 1980s, when the state also intervened to reverse a similar judicial decision overturning a legislative intervention outlawing dismissal on notice, the government fast-tracked amendments to the Labour Act, ostensibly to reverse the *Zuva Petroleum (Pvt) Ltd* decision. The resultant legislation, the Labour Amendment Act 5 of 2015, only partially does so, and potentially worsens the situation.

Under the new s 4(4a) of Act 5 an employer can only terminate a contract of employment on notice under four specified circumstances. These are in terms of an employment code, in terms of a mutual agreement, or if it is in relation to a contract of fixed duration or performance of a fixed task, and in terms of lawful retrenchment.

The amendment thus does not oust the common law entirely but severely restricts it. This is unlike *Zuva*, which fully opened the flood-gates. However, the progressive import of the new provisions were almost wiped out by the changes to the retrenchment provisions. These make nonsense of the restrictions on the common law notice rule by allowing the employer to outflank the restriction on their right to terminate on notice by applying the retrenchment laws.

Whereas under the old s 12C(2) an employer was required to agree with the affected employees on whether retrenchment was justified and the criterion of employees to be retrenched. If retrenchment was justified, the appropriate retrenchment package. If parties disagreed, the final decision lay with the minister on recommendation of the Retrenchment Board. There were thus adequate checks and balances against wholesale lay-off of employees.

On average the minister had been issuing retrenchment packages of one to two months' service pay for every year worked; three months' severance pay; one month relocation allowance; and where applicable continuation of medical aid and funeral policy benefits for three to six months. Generally, the package was paid once or in two installments.

The amendments to s 12C removed the above checks and balances. Retrenchment negotiations at the Works Council

have been rendered academic. Under the new s 12C(2) unless there is an agreement, a statutory minimum retrenchment package applies. This is a sum of 'not less than one month's salary ... for every two years of service ...' This implies the justification stage has been removed. Also ousted is the power of the third party, the board and minister, to determine the dispute between the parties.

The default minimum package under s 12C(2) is likely to become the cap, because of the virtual veto power given to employers. Also removed were standard items previously granted like severance pay, relocation allowance, medical aid and funeral policy benefits. Even then, under s 12C(3) the employer can apply to an employment council for exemption to pay a lesser sum. If the employment council fails to determine the application within 14 days, 'the application is deemed to have been granted.' What will stop employer representatives in employment councils dragging their feet to kick in the automatic exemption clause?

In the final analysis the flood-gates that were opened by the *Zuva* decision have only been partially closed by the Labour Amendment Act of 2015. The *Zuva* decision created a crescendo of job losses, whose shadow has continued despite the retrenchments. The response of organised labour, namely media statements and two small demonstrations of less than 200 workers each, reflected the current weak state of the labour movement. It is such weaknesses that have allowed the employer class, the judiciary and the state to enforce an austerity agenda that has cost the working classes massively and likely to continue under the new Act. ■

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Internet taking over job search process

Among the nearly 20% of employed people who changed jobs in 2014, 55% used the Internet to find their new positions, says a new report from the **Boston Consulting Group** and **Recruit Works Institute**.

Every year, nearly 20% of workers around the world change jobs and 55% of those people find their new positions through Internet job search sites. That finding, from a new report jointly produced by the Boston Consulting Group (BCG) and Recruit Works Institute, underscores the sweeping changes that the Internet has brought to the job search market. The report, titled *Job Seeker Trends 2015: Channels, Search Time, and Income Change* was released in 2015.

The report, which reviews findings of a survey of more than 13,000 job seekers from 13 countries, delivers a global view of the job search process today. The countries targeted by the survey cover 59% of the roughly 3-billion people employed globally, or 1.7-billion people, making this report one of the largest global job-seeker perception surveys ever conducted. The findings raise strategic questions that can help employers fine-tune their recruitment and hiring strategies, craft their value propositions for potential employees, and deliver their messages through the channel that best suits their target talent

pools. It also presents data that will help government agencies, human resource-related companies, and job seekers themselves to assess the evolving state of the job search market.

‘One of the key capabilities that differentiates the Internet channel from the referral channel is the Internet’s ability to process a much higher volume of applications,’ said Kazumasa Sakurai, a BCG partner and a co-author of the report. ‘We believe that key difference will drive the continued growth and evolution of Internet job search, and we look forward to seeing how future technological developments can continue to drive down the time job seekers spend searching for a new job without limiting – and in fact expanding – their employment options.’

Job search behavior is drastically changing around the world, but until the publication of this report, we have had little insight into just how it’s changing,’ said Yukio Okubo, the founder and general manager of Recruit Works Institute. ‘The unique evidence of job search behavior in various countries presented in the report promises to deepen our understanding of the global job market.’

SEARCH PROCESS CHANGED

The Internet changes everything, and it has changed few activities more profoundly than the search for employment. Job seekers 30 or 40 years ago were largely limited to paper media such as newspapers and magazines and introductions from family and friends. The widespread access to Internet and mobile devices in the 21st century, however, has brought new sources and tools to job seekers. Today, the process is more standardised globally, and most people are able to collect job information and search for opportunities casually and efficiently.

Job search channels include commercial channels such as paper media (newspaper or magazine advertisements), Internet job sites (résumé portals, job forums, job posting sites, job aggregators), temporary- and permanent-employment agencies, job training programmes, government-run programmes, referral channels such as alumni networks and referrals from family and friends, and direct inquiries with employers. About 40% of global job seekers used only one channel in their search, and about 25% used two.

Paradoxically, the advance of recruiting technologies has both lengthened and shortened the job search period. On the one hand, Internet job advertisements allow employers to reach a wide target audience at the click of a mouse. On the other, job seekers today are able to subscribe to job posting updates and may thus spend a longer time casually browsing jobs.



Digital age: Job search increasingly happening online. Credit: William Matlala.

About 55% of survey respondents sought new employment through the Internet search channel, compared with 36% who consulted paper media, 33% who relied on referrals, 24% who inquired directly with a prospective employer, 20% who used public channels, and 17% who worked through permanent-employment agencies.

Some 60% of Internet users reported that the channel was the most effective, nearly equal to the 59% of users of the referral channel. About 50% of direct enquirers and 29% of paper media users deemed their preferred channels the most effective. Some 27% who used permanent-employment agencies and 25%

who used public channels said their preferred channel was the most effective.

The report's findings make clear that the average users of the key channels have different profiles. The average Internet job site user is more educated and younger than the average job seeker. The average referral user is less educated and older.

The leading reason that people change jobs is to obtain a higher income. But how often do employees achieve that? About 57% of job changers overall saw their incomes improve, although job changers who had lost their jobs when they began their search fared worse overall. Not

surprisingly, income improvements were strongest – and search times shorter – in countries with annual GDP growth of 2% or more.

Paradoxically, the advance of recruiting technologies has both lengthened and shortened the job search period. On the one hand, Internet job advertisements allow employers to reach a wide target audience at the click of a mouse. On the other, job seekers today are able to subscribe to job posting updates and may thus spend a longer time casually browsing jobs. On average, the global job changer in 2014 took eight weeks to complete his or her research and waited five weeks to receive an offer. ^{LB}