

Sactwu responds to CDE report

The Centre for Development Enterprise (CDE) report titled *Job Destruction in the South African Clothing Industry: How an Unholy Alliance of Organised Labour, the State and Some Firms is Undermining Labour-Intensive Growth* by Nicoli Nattrass and Jeremy Seekings is a completely biased and depressing perception of the clothing industry, writes **Andre Kriel**.

Myths, repeated often enough, can incorrectly be assumed to constitute reality or truth. Take, for example, the recent flood of clearly one-sided negative assertions about the clothing industry, falsely spewed out as facts. This drivel is disingenuously constructed to justify exploitation of mostly black women workers. Its broader aim is to dismantle our industrial relations system for even worse exploitation opportunities.

It is claimed that the industry's collective bargaining structure is just a cosy club of big business, the union (Sactwu) and government, who deliberately manipulate wage levels to the detriment of small companies. The facts are different: 87% of companies that are members of associations belonging to the bargaining council are small micro and medium enterprises (SMMEs). Sactwu represents more than 85% of these companies' workers. Government is not represented on the bargaining council at all.

The myth of an inflexible, 'one-size-fits-all' wage regime is also perpetuated. In reality, the industry's wage agreement prescribes at least 220 different

wage levels for the benchmark job category (machinists) alone, depending on location, experience and manufacturing operations type, spread over nine different geographic areas.

The industry wage agreement actually does provide for productivity-linked wage payments, contrary to false public perceptions being created that this is not the case.

Prescribed wages are actually very low. In an area like Newcastle, a machinist's gazetted starting minimum wage is only R369 per week for a 45-hour work-week.

The bargaining council is monsterised as the cause of widespread wage non-compliance. In fact, the council has not always assumed wage jurisdiction over non-metro areas like Newcastle. Prior to 2002, non-metro area employment conditions were set by sectoral determinations. Even then, the same employers deliberately refused to comply with the law. The bargaining council inherited this historic non-compliance when its registered scope was expanded to cover non-metro areas. It did not create non-compliance.

Non-compliant manufacturers in non-metro areas do not compete with compliant metro-based manufacturers, because their product markets differ, it is claimed. This is not the case. Sactwu regularly engages in retrenchment negotiations with law-abiding companies, where the cause of job losses is verifiable loss of orders to illegal non-compliant companies.

HOW LOW CAN YOU GO?

The fiction is created that clothing industry job losses are primarily caused by high wages. Actually, wages are bitterly low. In Durban metro, for example, the current gazetted starting minimum wage for a machinist is only R364.10 per week. In Cape Town it is R446.50 and in Johannesburg it is R360.40.

This is lower than the R525 weekly wage recently prescribed for farm workers. It takes new clothing machinists at least 18 months to reach the top rate, which in itself is very low. In fact, even top rate clothing workers are the lowest paid in the whole of the domestic manufacturing industry. Yet, there is now an aggressive onslaught to drive wage levels even lower. How low can you go?

In reality, the main cause of the massive job losses which the industry had experienced were primarily attributable to the fast-tracked tariff reduction regime introduced under the Growth Employment and Redistribution (Gear) economic policy in 1996: tariffs were reduced at a faster rate than required by the World Trade Organisation (WTO) regulations and, in addition, to lower binding levels.

This was compounded by high levels of illegal imports and serious instances of widespread under-invoicing at our ports of entry. Fortunately, government has now

taken serious steps to correct the previous tariff reduction debacle. More needs to be done to stem illegal imports and under-invoicing, though.

False information is being spread that the clothing bargaining council is to close down 450 factories, causing 16,000 job losses. Has anybody taken the time to check the facts instead of just blindly throwing up propaganda? The bargaining council currently holds writs of execution against 297 factories (not 450) employing about 5,500 workers (not 16,000).

Most of these companies have

now actually taken steps to become compliant and everything must be done to reward their quest to legalise their operations. Many others still deliberately refuse. Their illegality cannot be allowed to continue. It causes job losses in law-abiding workplaces.

The issue is not a trade-off between jobs and decent work, almost as if the two issues are mutually exclusive. Competitive advantage cannot be based on illegality and a race to the bottom. **LB**

Andre Kriel is general secretary of Sactwu.



William Matlala

In a textile factory workers at VKC