

Agreement in the metal industry

some

breakthroughs

by *CAROLE COOPER*

At the beginning of September, the annual agreement for the metal industry, governing conditions of work of about 380 000 workers nation-wide, was signed after protracted negotiations lasting five months.

The majority (12) of the unions on the National Industrial Council for the Iron, Steel, Engineering and Metallurgical Industry indicated in July that they were prepared to accept the employer offer.

However, two unions, COSATU's National Union of Metalworkers of South Africa (NUMSA) and NACTU's Metal and Engineering Workers' Union of South Africa (MEWUSA), together representing the majority of workers in the industry, refused and separately declared disputes with the employers.

Faced with the possibility of a nation-wide strike, the employers threatened to

stage a lockout. In the event neither the strike nor the lockout took place.

NUMSA's demands should be seen against the background of decisions taken in February at its national bargaining conference (NBC) on the restructuring of the economy.

Two steps towards socialism

In his opening address to the NBC, NUMSA's national secretary for organising and collective bargaining, Bernie Fanaroff, pointed to two basic steps for the laying of a foundation for socialism: building organised power and understanding and conscientisation; and winning demands which would start to restructure the economy.

Warning against factory tribalism, he said: "By bargaining at industry level, we can start to restructure the

economy. That is why NUMSA demands for a new industry training scheme and for more job security and job creation programmes are so important."

Job creation should involve using resources and wealth to make more employment and more useful goods, not just more profit; industry-wide training schemes should allow for workers to get enough basic education to qualify; and job security meant stopping management's attack on workers' rights and workers' living standards.

Fanaroff pointed to the need to extend the scope of the industrial council (IC) to include all workers in the metal industry. The council also needed to be more democratic.

A second focus of the February conference concerned the restructuring of the union



to make it more effective when bargaining with employers. It was felt that in 1989 there had been insufficient co-ordination over the living wage campaign, for example, each sector having adopted its own strategy.

To build solidarity across the sectors, the conference adopted a national bargaining strategy which could be adapted in the separate industrial council negotiations in the engineering, motor assembly, motor components and tyre industries. Among other things, conference delegates decided to push for a R2-an-hour increase in all negotiations.

Proposed strike

While the 12 other unions on the council agreed to the final package in July, following a second NBC, NUMSA rejected it and declared a dispute (as did MEWUSA). NUMSA said that SEIFSA's offer was not adequate in terms of wages, job security, parental rights, hours of work, 21 March as a holiday, and the extension of the agreement (*The Star* 26 June 1990)

The union started to ballot its members at the end of July and, in a 53% poll,

NUMSA and MEWUSA both declared a dispute

63 000 out of 120 000 workers voted in favour of a strike and 6000 against. A number of reasons, however, led the union to change its mind about holding a strike.

Firstly, according to the union, it decided to settle because it felt that a major industry strike could have sparked off further widespread violence in the Pretoria/Witwatersrand/Vereeniging (PWV) area.

It said that the violence in the PWV area had had an effect on the balloting, and union organisers taken up with the unrest had not been able to ballot all areas, resulting in the low poll.

Fanaroff cites attacks on striking USCO workers (which left nine or ten of them dead) in their Sebokeng hostel in support of the union's decision. (The union bargains separately with USCO and workers had gone on strike after holding a positive strike ballot.)

Secondly, the low poll itself must be seen as a prime reason for the union deciding not to hold the strike.

Finally, the fact that many demands had been met, and that the union had won significant breakthroughs, also played a major role in NUMSA's decision to settle.

SEIFSA argues that its threat of staging a lockout was also a reason for the union's change of heart, a



claim rejected by NUMSA. The employer organisation's decision to hold a lockout arose out of a strike handling workshop in early August.

At the workshop the view was put forward that as the union was shifting from 'technical' strikes to 'power' strikes (manifested as national industry strikes), SEIFSA's most effective option was the lockout as this would enable it to exert maximum pressure efficiently and forcefully on the union.

SEIFSA ballot for a lock-out

In a ballot conducted on 6 September, 61,2% of SEIFSA members voted for a lockout. Of the 1 959 votes cast, 21 were negative, giving a 53,3% vote in favour of the lockout overall. (*SEIFSA press statement*, 13 September 1990)

The workshop also focused on the adoption of methods designed to break the strike. One tactic discussed was to show that the union's ballot was illegal by demonstrating that the ballot proceedings were illegal. It was suggested that employers use videos, taping, and photographic equipment to build up evidence of such

irregularities.

According to labour lawyers, however, proving that irregularities occurred at particular factories would not have had the effect of rendering the whole strike ballot null and void or of making the strike illegal.

Further tactics included:

- attempts to drive a wedge between the union and workers by showing workers that SEIFSA's proposals on wages were generous;
- plans to use hostel workers as a core workforce, or remove them from hostels if this proved impossible;
- the staging of 'theatrics', for instance, by making sure that trucks would be seen going into and coming out of factories even if they were empty;
- and the subcontracting and/or hiring of temporary workers, who, SEIFSA said, would not be considered as scabs.

Other tactics suggested included sending notices of dismissals to workers' homes; setting up lists of reserve employees; and using security or police if necessary. If a sectional strike occurred, it was suggested that management lock out the entire workforce to induce acceptance of their offer.

Restructuring of bargaining:

This year's negotiations (see Demands and Settlements on page 49) have led the union to re-appraise its negotiating

and mandate procedures. According to NUMSA, it found it difficult to report back on demands because of the complexity of the issues, and it has made suggestions that in future the bargaining process should be divided into three sections:

- 1) cash issues - bargaining will take place on an annual basis as at present;
- 2) long-term structural issues, such as job creation and training. These will be discussed over a longer period of time, the union seeking a mandate from workers on broad policy, rather than on specifics;
- 3) certain issues, such as hours of work, should be taken up by all unions and coordinated by COSATU as national campaigns. Negotiations could still take place annually but within the scope of the national campaign.

The question of deregulation

The union strongly objected to SEIFSA's demand that the scope of the main agreement be amended to exclude small businesses employing eight or fewer people. The main reason for this demand has to do with SEIFSA's representivity in the industry, which the department of manpower judges according to the number of employers the organisation represents.

At present SEIFSA's representivity is poor as it represents only 32% of all metal employers (although its members employ 70% of all workers covered by the

agreement). SEIFSA argued that excluding small businesses, many of which are not members of SEIFSA, from the scope of the agreement would increase the organisation's representivity.

A SEIFSA spokesperson also mentioned the organisation's concern with creating jobs as another reason for the demand, although it is clear that this was very much a subsidiary concern. The exclusion of such businesses from the agreement would have the effect of releasing them from the obligation to pay the same wages as the larger, more profitable employers, and from bureaucratic requirements involved with the agreement, the spokesperson said.

Fanaroff said that NUMSA and other unions rejected employer assertions that deregulation would create more jobs, believing this would lead only to increased exploitation of workers. A more sound way to start addressing the unemployment crisis lies in the negotiation of job creation programmes at industry level. NUMSA believes that a large part of the unemployment crisis is due to big business not investing profits in projects to expand our manufacturing base, he said (*Business Day* 9 April)

Unions vs employers and the state

However, it is not only the employers whom the union has to fight on the issue, but the government as well. Deregulation is one of the

corner-stones of its policy on job creation and in 1986 the department of manpower instructed all ICs to inform it within 30 days of steps taken to deregulate industrial council agreements, otherwise they could be ordered to do so by the state president in terms of the Temporary Removal of Restrictions on Economic Activities Act passed in the same year. (1987/88 *Survey of Race Relations*, p 645)

In October 1989 it sent ICs a second letter on the issue, basically saying the same thing, although without the 30-day proviso, and suggested, inter alia, that the fixing of differential wages on an area basis especially with a view to stimulating economic development and job creation in the rural areas is a further aspect which ought to receive attention of industrial councils. (Department of Manpower, circular letter LR 5/89)

Exemption of micro-businesses

Thirdly, the recent National Manpower Commission report on micro-businesses has suggested that the system of exemption of these businesses from IC agreements be maintained and extended (National Manpower Commission Project Committee on Small Business, 'Working document regarding the possible accommodation of independent micro-businesses in terms of labour legislation', August 1990.)

NUMSA declined to at-



National Bargaining Conference: building solidarity across sectors
Photo: William Matlala/COSATU

tend a meeting between the department and council parties held during the negotiations over the exemption question because of the government's failure to implement union and employer demands over changes to the Labour Relations Act.

However, according to a source within the Confederation of Metal and Building Unions, department officials present were hard pressed to list examples of complaints from small businesses about

being included in the agreement.

While the employers dropped their demand for the exclusion of small businesses, industry sources say they will probably raise it again in 1991.

Plant-level bargaining:

A further point of contention between the parties was the issue of plant-level bargaining. In line with its long-standing opposition to plant-level bargaining, SEIFSA demanded that a clause be introduced into the main agreement on a parties-only basis which would provide legal protection for SEIFSA member companies against a compulsion to bargain at company level in respect of those matters negotiated and incorporated into the main agreement.

The employer view has the backing of the department of manpower, and the director general, Joel Fourie, is reported as having said that centralised national bargaining is not suited to a developing country like South Africa, while plant-level bargaining is ideal because it allows employers to pay what they can afford (*New Nation* 16 February 1990)

NUMSA, however, holds the view that basic minima should be set at IC level and further improvements on those conditions be set through plant-level bargaining. SEIFSA eventually agreed to drop their demand for this clause. ☆

DEMANDS AND SETTLEMENT

Commenting on the final settlement reached with the engineering employers' body, the Steel and Engineering Industries Federation of South Africa (SEIFSA) in September, NUMSA said that there had been some significant breakthroughs, and that it had had some success in fulfilling its task to establish a basis for restructuring the industry. The main area where it had failed to make enough progress was wages.

Wages

The final wage settlement granted a 19% increase (67 cents an hour) at the lowest rates and 15,5% (R1,29 increase an hour) at the highest rates, with a new minimum rate of R4,18 an hour. This was an improvement on the employers' opening offer of 10% to 12,9% - an across-the-board increase of 46 cents for labourers and 83 cents an hour for artisans, which would have brought their minimum hourly rates to R4,02 and R9,14 an hour respectively.

The settlement fell far short of the union's demands for a R2-an-hour increase (set by the NBC), which amounted to 56% at the lowest grade and 24% at the highest grade and a R5,50 an hour minimum wage. Significantly, while the employers revised their wage offer a number of times, the union consistently held out for the R2 increase. The fact that an in principle stand had been taken on the wage demand probably accounted for this.

Job Security

Regarding job security, the agreement stipulates that employers should give the union notice of retrenchments, redundancies and plant closures or transfer, and consult it with a view to reaching agreement on severance benefits and all aspects of retrenchment.

According to the union, this practically gives unions the right to negotiate on all retrenchments or redundancies - which is what the union had demanded. (NUMSA press statement, 3 September 1990)

NUMSA has expressed concern at what it sees as an increasing trend among metal manufacturers to use temporary labour

and demanded that this practice and all probationary periods should stop. The employers agreed to the monitoring on a monthly basis of the number of temporary workers in all establishments. According to a union spokesperson, SEIFSA said that if the monitoring revealed that the use of temporary labour was on the increase, it would agree to restrictions on the practice.

Training

Regarding training, the union demanded immediate, concrete steps to end discrimination and segregation in training. These steps were to include the development through negotiation in the council of guidelines for non-discriminatory recruitment, selection, training and testing procedures; and pressure on the state and training institutions to end all racist and sexist entry requirements.

SEIFSA undertook to work for the removal of all discrimination in training and education, and negotiate guidelines for non-discriminatory recruitment, selection and testing procedures for training. It agreed to give the training institutions on which it is represented until the end of 1991 to remove discriminatory practices, otherwise it would withdraw its representatives and recommend to its membership to withdraw financial support from those institutions.

Job creation and hours of work

The union in its demands expressed the view that instead of asking workers to work overtime, employers should hire more workers as a way of dealing with unemployment. It demanded that overtime should be limited to a maximum of five hours per week for emergencies. In addition, normal hours of work should be reduced from 45 hours a week to 40 a week without loss of pay.

While there was no agreement on the overtime demand, employers agreed to reduce the ordinary working week to 44 hours from 1 October 1990. However, workers will be required to work an additional hour per week at a rate of time and a third. In effect, then, workers will still work a 45-hour week but for more money.

While this is out of line with the union's demand that overtime should be reduced, a NUMSA spokesperson sees it as a significant breakthrough in that SEIFSA had never before granted any concession on the issue of working hours. From July 1991, hours of work will automatically be reduced to 44 a week.

In addition, agreement was reached on the union demand that a special committee be formed to explore all ways of increasing the permanent employment opportunities in the industry.

Exemption from Agreement

In a significant step forward in NUMSA's attempts to protect rural workers, it was agreed that employers applying for exemption from the main agreement in respect of wages will be required to consult first with representative unions.

SEIFSA also agreed in principle that workers in the homelands should be covered by the agreement. For this to happen, the LRA would have to be amended to include workers in these areas.

Bonuses, allowances, benefits and provident fund

Both the leave bonus and the living out allowances for workers on site were increased. Maternity benefits were increased by 5%, while all women workers who want them will be able to have free pap smears. However, union demands for 14 days paternity leave a year were not met.

Final agreement was reached on the establishment of a provident fund for the industry and the union believes that a large proportion of the members of the Metal Industry Pension Fund will transfer their entitlements to the new fund, making it the largest in South Africa. There was also agreement in principle to amalgamate the industry's two pension funds after the establishment of the new provident fund.

SEIFSA rejected NUMSA's demand that 21 March be declared a public holiday. It was agreed, however, that 16 June will be treated as a holiday, while 21 March will have a 'no work no pay no discipline' provision. ☆