

All's fair in love and war ... and money



FROM THE EDITOR

Without contradiction there is no development appears to be a recurring theme for Cosatu. The federation has lashed out strongly against the recent deal in which the Public Investment Corporation (PIC) sold 6,7% of its Telkom shares to Elephant, a black empowerment consortium – headed by former communications director general Andile Ngcaba and Women's Investment Portfolio Holdings (Wiphold) head Gloria Serobe. In its attack on the PIC deal, Cosatu expressed its opposition to the privatisation of Telkom, called for its renationalisation and also attacked unions who have involved themselves in bogus empowerment deals.

These calls are however, rather empty when it was Cosatu's affiliate in Telkom Communication Workers Union (CWU) which initially approved the 30% sale of Telkom in 1997 and did not take a significant stand against the further 25% sale of Telkom through an initial public offering in 2003. Then as now the federations' ideological and political positions have been compromised by affiliates and their own investment decisions, which at times have been driven by their investment companies. During the Telkom listing process, speculation was rife that CWU's investment company had sought to get involved, but this did not materialise. What still remains a mystery until today is whether the union benefited from the original shareholding agreement entered into in 1997 between the then post and telecommunications minister Jay Naidoo and the equity partner. (It is understood that J&J run by Naidoo and others attempted to bid for the Telkom stake sold by PIC).

Such contradictions may have played into the hands of government. The situation might be no different now with the

involvement of a number of Cosatu's public sector unions in one element of the consortium that has bought a stake in Telkom through the PIC sale.

It is understood that unions including the Democratic Nursing Organisation of SA (Denosa), the SA Democratic Teachers Union (Sadtu) and Sasbo form part of the Wiphold Investment Trust, which is part of the Elephant consortium.

The latest saga in the privatisation of Telkom, yet again, raises inherent problems between Cosatu and its affiliates over the activities of their investment companies, how investment companies are managed and controlled. This too goes for Cosatu's own investment company Kopano ke Matla that has had its own problems including a forensic investigation, the results of which are yet to be made public.

Having been compromised by its own affiliates, Cosatu is now trying to focus attention on the actions of PIC. The activities and investment decisions of PIC should rightly be under scrutiny and accountable to its clients, who mainly include the Government Employees Pension Fund (GEPF) – which made a R1,5bn profit from the Telkom deal for public servants. Currently PIC gets its mandate from finance minister Trevor Manuel but this might change with the appointment of pension fund trustees who are supposed to be in place by June. The appointment of GEPF trustees is a very long overdue development and it is through these representatives that organised labour can give PIC a mandate around its investments. (It is hoped that the union trustees appointed to the GEPF are properly trained and understand their mandate.) The focus on PIC however, redirects attention away from the organisational problems within the federation. Recently, Cosatu general

secretary Zwelinzima Vavi highlighted the problems currently being experienced by CWU, which are not new (see p11). This honesty around organisational issues needs to be extended to other areas if the federation is going to retain its power base. An attempt to ensure some level of organisational honesty was reflected in the move by the secretariat to open itself up to reflection from both the left and right of the political spectrum at their March conference celebrating ten years of democracy (see p32). This type of process needs to be taken forward and hopefully will be done so at the May central executive committee.

The focus in this edition on both the second economy and the state of collective bargaining in unions clearly highlights some of organised labour's challenges. The special report on collective bargaining (see p5) reflects some serious organisational weaknesses in unions and raises concerns as to whether unions are paying sufficient attention to this. Are unions using collective bargaining strategically? What are unions doing to address the apartheid wage gap? How are unions dealing with benefits for their members? The one area, which will be the subject of some discussion in the next *Labour Bulletin*, is in relation to health care and the current proposal by the Department of Health for the introduction of a social health insurance scheme. The current proposal would effectively ensure that everyone with an income of around R3 000 and up pay into a fund and receive a basic package of medical benefits which will be provided by medical schemes.

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