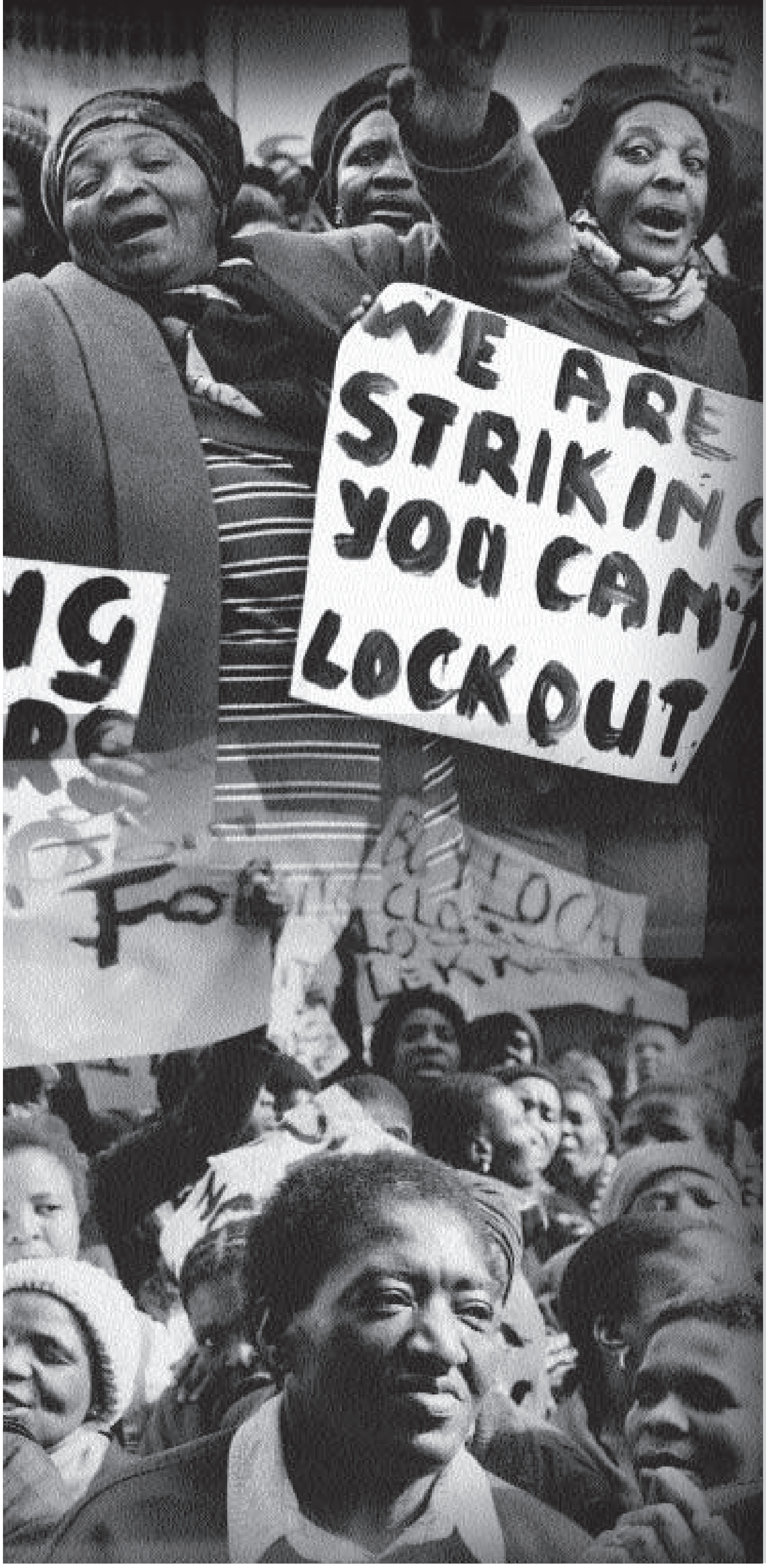


By the end of this year thousands of workers will have been retrenched either as a result of the continued influx of cheap imports or the impact of the strong rand. This is occurring against a backdrop of high levels of poverty, inequality and unemployment. How is this going to affect the current round of wage negotiations? The **Labour Bulletin**, with assistance from the **Labour Research Service (LRS)** attempts to explore the current bargaining climate and how (and whether) unions are preparing for wage negotiations and current demands and strategies.

The jobs of thousands of mineworkers and clothing workers are under threat. Unions such as the SA Clothing and Textile Workers Union (Sactwu) and the National Union of Mineworkers (Num) continue to be hammered by threats of job losses. Thousands of miners, particularly those working on marginal mines, could lose their jobs because of the impact of the strong gold price. Can you believe there was a time when a call was made for a commission of inquiry into the weak rand? An estimated 1 000 clothing workers at Rex Trueform in Cape Town could be retrenched if the parties are unable to find ways of saving the company, which has become an institution in the Western Cape. The company wants to shut down its manufacturing plant and instead import clothes from overseas.

FUTURE OF REX TRUEFORM

The threat of the closure of Rex Trueforms' manufacturing arm has galvanised not only the union but also the Western Cape government. A task team has been set up to look at the state of the company, while at a recent tripartite alliance summit a resolution was adopted to urge government to protect ailing business and more importantly to create a more competitive currency. The resolution on the rand was a highly significant development. The alliance expressed its concern that industries such as clothing, textile and footwear had shed thousands of jobs as cheap Chinese imports gained a greater foothold in the local market. The alliance called on government to use the safeguard measures allowed under international trade rules to give industries an opportunity to restructure. The alliance also believed government should intervene to ensure a more competitive rand exchange rate to protect export-oriented sectors of the economy.

The South African Chamber of Business (Sacob) has cautioned about the long-term sustainability of protecting industries that were not internationally competitive. Intervention to create a more competitive exchange rate, while assisting export-oriented sectors of the economy, would hurt import-dependent ones, Sacob argued.

In the interim, the industry and labour have made a strong case to the government for short-term relief measures against the surge of Chinese imports, which are destroying the local clothing and textile industry. In terms of the World Trade Organisation (WTO) rules, the industry has to make an approach to the government.

Safeguard measures were laid down in the protocol for China's accession to the WTO in 2001. The WTO ruling is the same for all member countries. The US recently announced the introduction of similar measures while the EU has agreed to publish guidelines that will clarify the circumstances under which it will consider safeguard action.

According to the Sactwu, clothing imports from China are now four times their value in 2002 measured in the Chinese currency, and make up 75% by value of local clothing imports. This serious threat to the local industries has been the subject of intense discussion by the textile task team, established by the department of trade and industry last year to investigate ways of dealing with the surge of imports.

How are these developments affecting the way unions are bargaining? Can unions afford to ignore the reality of the environment in which they are negotiating? Before exploring this further, we will briefly look at the current economic environment.

ECONOMIC OVERVIEW

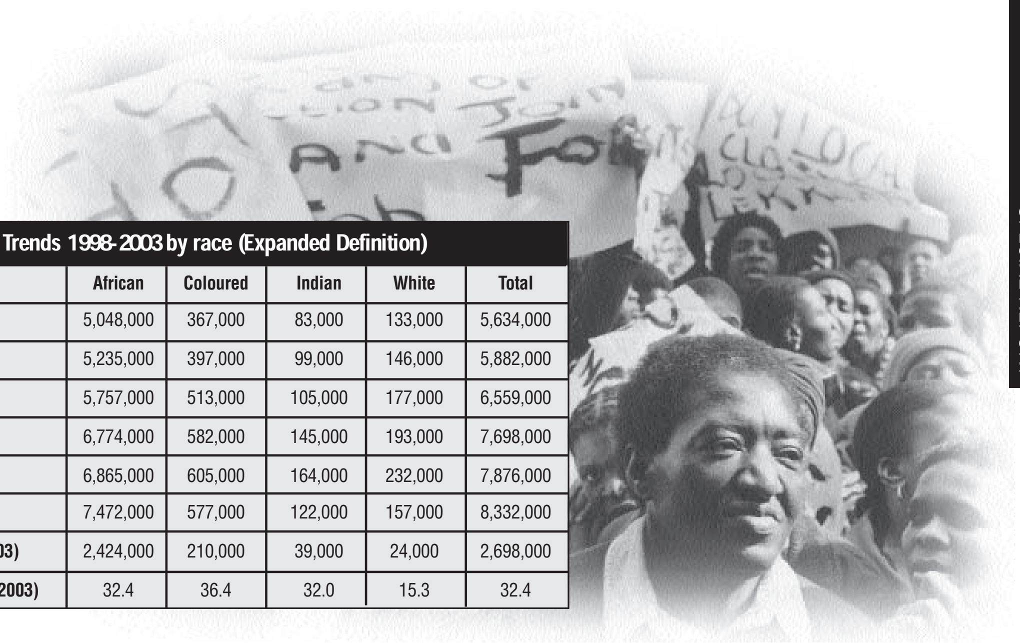
This years' negotiations are taking place against a backdrop of:

- Continued retrenchments, which could be related to the impact of the stronger rand (companies not exporting as much as they were as when the rand was weak); inability to compete with cheaper imports or moves to cut costs by outsourcing etc.
- Inflation is at an all time low. CPI declined drastically from 5,8% in 2003 to 1,4% in 2004. On the other hand the Consumer Price Index excluding interest on mortgage bonds (CPIX) is currently at 3,6%, the average for 2004 was 4,3% compared to 6,8% in 2003 and the average for the past 12 months is 4,3%. The Reserve Bank provides a breakdown of CPIX components, showing that prices of housing services, transport running costs and alcoholic beverages and tobacco all went up by more than 6%. Prices of food as well as furniture and equipment went up by less than 3%. Prices of vehicles as well as clothing and footwear actually declined.

Inflation in CPIX components
Percentage change over same period in previous year

	Weights	2004 (annual average)	2005 Jan
Alcoholic beverages and tobacco	3,1	10,1	10,0
Transport running cost	5,7	10,2	9,0
Total housing services	13,4	8,7	6,4
Services excluding housing and transport	16,5	6,5	*6,0*
Total transport services	3,9	3,5	*3,3*
Total other goods (not included elsewhere)	17,5	3,6	*3,0*
Food	26,9	2,0	1,4
Furniture and equipment	3,2	0,5	-0,1
Vehicles	5,7	-0,8	-1,4
Clothing and footwear	4,1	-3,8	-2,8
Total CPIX	100,0	4,3	3,6

- Continued moves by employers to ensure higher levels of flexibility and reduce labour standards.
- Overall economic performance of the economy has improved (but from a very low base), while the benefits of growth has impacted only marginally on jobs and poverty continues.
- Numerous studies and reviews highlight the worsening conditions of the poor and the impact of the skewed distribution of wealth with the rich getting richer as is reflected in the Directors' Fees Survey (see p14) produced by the Labour Research Service. Growing inequality poses some serious challenges for unions, as they need to consider 'raising the floor' on the one hand and 'lowering the ceiling' on the other.
- One way in which poverty and inequality is perpetuated by the socio-economic system is through structural



Unemployment Trends 1998-2003 by race (Expanded Definition)

	African	Coloured	Indian	White	Total
1998	5,048,000	367,000	83,000	133,000	5,634,000
1999	5,235,000	397,000	99,000	146,000	5,882,000
2000	5,757,000	513,000	105,000	177,000	6,559,000
2001	6,774,000	582,000	145,000	193,000	7,698,000
2002	6,865,000	605,000	164,000	232,000	7,876,000
2003	7,472,000	577,000	122,000	157,000	8,332,000
Increase (1998-2003)	2,424,000	210,000	39,000	24,000	2,698,000
% Increase (1998-2003)	32.4	36.4	32.0	15.3	32.4

unemployment or what can also be called economic exclusion. The table above shows that between 1998-2003 unemployment grew by almost 2,5 million in the African category while it grew by 24 000 in the white category – this is an increase of 32,4% and 15,3% respectively.

- While there has been an increase in compensation to employees since 1996, the growth rate has fluctuated. It is also important to note that the amount includes compensation to very high earners so if we take into account the unequal division of income noted earlier, the richest 10% take home almost 50% of this income. The rate at which Total Compensation of Employees increased declined throughout 2004 resulting in the yearly rate dropping from a 9,2% increase in 2003 to an 8,3% in 2004. The Reserve Bank notes that 'the slowdown in compensation to employees might ultimately reduce its share in total factor incomes'.

WAGE SETTLEMENTS

According to the Labour Research Service wage settlement survey, average wage increases for 2003/4 were 6,7% while the average minimum weekly wage increased from R430 (R1 860 per month) per week in 2003 to R480 (R2 060) in 2004. This represents an average increase of 11% on the average minimum weekly wage. However, in real terms it translates into a R47 increase per week. Those sectors that recorded average wage increases on the minimum wage of 11% were in relation to agriculture, mining and quarrying, while construction and transport recorded a 15% increase on the minimum. Sectors such as manufacturing recorded an increase of 7,65%, wholesale and retail (4,8%) and community and social services (10,57%). However, if agriculture and construction were excluded from the analysis, the average wage increase would be in the region of 8,8%.

The average monthly minimum wages for the various sectors recorded include: agriculture (R1 411), wholesale and retail (R1 642), construction (R1 779), all industries (R2 061), mining and quarrying (R2 187), manufacture (R2 375), transport and storage (R2 506) and community (R2 528).

The average minimum wage rate negotiated by union is as follows: Saccawu (R1 878), Numsa (R2 087), Num (R2 203), Fawu (R2 373), Ceppwawu (R2 396), Satawu (R2 494) and Samwu (R2 664).

If we look at the real wage increases (measured against inflation – CPIX) the situation is slightly different. The LRS argues that in recent years, the real purchasing power of workers has declined. Year on year increases might look positive, but in fact workers could be losing ground if increases are viewed in relation to inflation over a longer time period. The average wage increase in the formal sector was in the region of 8,8% while the average real increase was 4,5%. The SA Reserve Bank estimates that the average wage settlements in collective bargaining agreements declined from 8,9% in 2003 to 6,8% in 2004.

It is interesting to see what rates bargaining councils pay. The LRS records that the average minimum weekly wage across all private sector bargaining councils is R380 per week. The position is however, slightly different for the semi-skilled and more skilled job categories where the rate is almost double, at around R652 per week (R2 823 per month). The lowest minimum wage for an unskilled worker covered by a bargaining council is R185 per week in a section of the electrical industry. The highest minimum wage for an unskilled worker is R647 in metal and engineering. The lowest minimum weekly wage for a semi-skilled and skilled worker (artisan) is R462 for hairdressing (Pretoria) while the highest minimum weekly wage is R1 106 paid by the building industry in the Cape.

The average minimum wage covered by sectoral determinations – traditionally covering those sectors which are either not sufficiently unionised or most vulnerable – is R250 a week. The lowest weekly minimum wage as stipulated in a sectoral determination is R165 for a farm worker in a specific area. The highest minimum weekly wage is R465 in terms of the wholesale and retail determination. Sectoral determinations cover in the region of two million workers.

PREPARING FOR NEGOTIATIONS

It is anticipated that the 2005/6 bargaining round is going to be tough. Are trade union negotiators prepared? Have unions held workshops or meetings to strategise about

EMPLOYMENT CONDITIONS COMMISSION (ECC)

The Department of Labour recently announced the long awaited sectoral determination for taxi drivers while it also released the ECC's annual report. The Basic Conditions of Employment Act 75 of 1997 (BCEA) makes provision for the establishment of the ECC, which replaces the old Wage Board. The Commission consists of equal representation from labour and business as well as independent people who are knowledgeable about the labour market and conditions of employment. The ECC is supposed to advise the labour minister on sectoral determinations especially for vulnerable workers and issues relating to basic conditions. This does not mean that the minister who could in fact promulgate wages and conditions lower than proposed by the ECC endorses the ECC's recommendations. This has in fact happened on a number of occasions. Since its inception in 1999, the ECC has made recommendations to the minister on nine sectoral determinations – some relate to industries previously not covered by minimum wages and prescribed conditions such as farm and domestic workers and more recently the move to cover taxi drivers. The other determinations, which have been promulgated, include small business, special public works programmes, contract cleaning, civil engineering, private security, clothing and knitting, learnerships and wholesale and retail.

how they will proceed? What assistance do union negotiators receive? It is critical that in the current climate, unions are properly prepared for negotiations. A number of mediators, involved in assisting unions and employers in resolving disputes, have pointed out that often negotiators are not properly prepared and that hampers attempts to resolve wage disputes. In some cases it can prolong disputes and damage the relationship not only between the parties but also between the union and its members. Mediators have also pointed out that, at times, negotiators do not properly brief members on the unfolding negotiations. Negotiators need to be careful when and how they report back to members' especially in the midst of a strike that has become entrenched and highly acrimonious. Inaccurate or misleading reports can backfire on the union when a settlement is finally achieved and attempts are made to get workers to return to work.

Aside from proper preparation, unions and their negotiators need to review their bargaining strategies. During a recent Numsa bargaining conference, the union's general secretary Silumko Nondwangu urged delegates to be more strategic in how they approach collective bargaining. But what does that mean? In the current climate, unions have to review their bargaining tactics. Can they still negotiate as if it is still the 1980s? Unions need to explore the following types of issues:

- Whether they can continue using the inflation-based wage model especially in the case where inflation is either holding steady or at relatively low levels as is currently the case.
- Employers, in an attempt to contain costs, will push for inflation increases, what arguments will unions present to counteract this? Humbulani Tshikalange of the Num argues that unions should not look at the global inflation figure but instead focus on the transport inflation, medical inflation, education inflation, housing inflation, rates inflation (water, electricity, sewerage etc), energy inflation (paraffin, gas, petrol, diesel).
- Tshikalange also proposed that unions look at the Production Price Index (PPI), which has been showing a consistent downward trend. The PPI measures the input costs incurred in the production of goods and services by companies. The PPI has been on a very sharp decline for the past three years. In 2002 it was at 14,2% compared to 0,6% in 2004. This has been happening against the strengthening of the rand by almost the same pace. Coupled with low interest rates of 11%, it means lower charges on borrowed money and savings for the companies. Companies never raise this savings, which should contribute towards cushioning the impact they claim to be experiencing by the strengthening of the rand.
- There has been much talk on growing levels of inequality. Cosatu general secretary Zwelinzima Vavi recently called on the ECC to do its job and address the huge wage disparities. But what are unions doing practically in collective bargaining to address this? Demands for across-the-board increases does not address the gap between the lowest and highest paid and merely exacerbates the current divide.
- Is there any point in unions continuing year after year to table a shopping list of the same demands?
- Do any unions review existing and past agreements to see whether what has been agreed to is being implemented. What is the point in negotiating long and hard on demands, which once agreed to do not benefit workers because they are not implemented?
- Unions claim they are pushing a living wage campaign, but what does this mean in practice? What about looking at the concept of 'income' rather than 'wage' (see p38).
- Increasingly, employers are putting forward their own list of demands. Are unions dealing properly with these counter demands?

UNION ROUNDUP

The *Labour Bulletin* sought to examine union demands and strategies for negotiations this year.

Mining (NUM)
The industry has continued to be hammered by the strong rand, which has impacted on the profitability, especially of marginal shafts. A number of mining companies have announced plans to retrench workers. Negotiations are underway and through the various processes the numbers could be reduced. In the initial statements, the following numbers were mentioned: Harmony (4 914 workers), DRD (6 513 workers), De Beers (1 270 workers), Kumba Resources (400 workers) and Ingwe Coal (1 000 workers).

Over the last few months, the Num has been engaged in protracted negotiations to save jobs at Harmony. This was after the company first announced plans to close six shafts last year with the possible job loss of close to 7 000. Following negotiations last year the parties agreed on a process to prevent job losses and agreed to interventions such as continuous mining operations and the redeployment of workers. Despite these attempts thousands of workers were retrenched by Harmony during 2004.

By March this year the company faced another threat of strike action. Workers also went out on strike at Gold Fields over a dispute around the living out allowance. The strike at Harmony, seemingly unrelated to the retrenchments, focused on a whole shopping list of demands including housing, adult basic education, health care and allegations of racism. The strike lasted two weeks. In its aftermath, the focus appeared to shift back to retrenchments. The fight around retrenchments continues with the union exploring the option of interdicting Harmony against further retrenchments. Harmony has indicated that the possible retrenchment of 4 900 workers comes in the wake of lengthy consultations.

What of negotiations this year? At the time of going to press, the union had yet to finalise its demands for negotiations. Tshikalange argued in the recent *Num News* that 2005 'poses a lot of challenges to our bargaining approach'. He urged members to move away from coming up with a shopping list of demands as 'this poses difficulties to prioritise our bargaining approach. Moreover, comrades should identify key objectives to be achieved in the negotiations. This will then inform our theme for the bargaining process. Such a theme should be able to complement the recruitment campaign such that we are able to popularise the objectives achieved. Other critical factors we should put more emphasis on are outstanding issues, which in most cases are carried over again and again. Clear implementation programmes with tight timeframes should be agreed upon before new demands are tabled. This should be accompanied by commitments of allocating resources to the implementation programme. All agreements concluded in the previous years should form the basis to develop new demands to avoid repetitions which sometimes reverses past commitments not being implemented.'

Clothing and textile (Sactwu)
Wage negotiations are currently underway in clothing and textile whilst at the same time the SA Clothing and Textile Workers Union (Sactwu) is engaged in a major battle to save jobs in those same sectors. It is estimated that 30 000 jobs have been lost in clothing, textile, footwear and leather over the last two years.

In terms of bargaining this year, the union has sought to balance wages against the need to save jobs. Hence, demands are divided into two main categories. There are core wage demands, which include improvements in some existing conditions, and the second element is aimed at seeking ways of strengthening the industries in which they operate. For example, negotiations have already started in the clothing industry bargaining council and are expected to continue throughout May. The union's opening demand was a R35 increase, which in the case of a machinist in the Western Cape who earns a minimum rate of R516,50 is in the region of 6,7%. The employers have so far offered 1% while the union revised its demand to R33.

Aside from wages, there are other types of demands (which could apply to the other subsectors in which the union is negotiating) include the following:

- Various proposals to tighten up existing clauses in the main agreement. For example, there are some loopholes in the provision in one of the main agreements where an employer could effectively dismiss a worker who has been on short time for more than six days. The union is seeking to ensure that workers are protected from dismissal in such cases.
- The union has tabled a number of non-cost demands with the clothing employers. A number of these demands are aimed at strengthening the union's support for the buy local campaign and Proudly SA, which is not doing enough to promote the campaign's overall objectives. The union is demanding information from the clothing manufacturers as to who their local and foreign customers are (this is aimed at ascertaining support by retailers for the local industry); where they are sourcing imported made up garments for local

retailers – and if there are requests from local retailers for this; what belt tightening exercises are or have been embarked upon by senior management. Management is also being asked to participate in the campaign to promote Proudly SA by manning tables at shopping centres once a month and to create awareness around the label of origin legislation.

Aside from negotiations in clothing, the union is engaged in negotiations in leather and textile, which covers nine subsectors such as cotton, which is the largest. Employers in cotton have offered a 1,5% package increase while offers in some of the other subsectors range from 2% to 2,5%, with zero increases in others.

Negotiations in the leather sector have been concluded but Sactwu is not party to the agreement (and has distanced itself from the agreement) which has been signed by the majority union, the National Union of Leatherworkers. This agreement is seen to be quite controversial and provides for the reclassification of companies into three different categories from formal to semi-formal and informal. Depending on how companies now classify themselves, wages could be adjusted dramatically. According to Sactwu, workers' wages could be reduced as much as R150 to R300 per week.

Metal and engineering (Numsa)

The National Union of Metalworkers of SA (Numsa) recently held its national bargaining conference where the union's general secretary warned of a tough round of bargaining and the 'battle lines are drawn by employers to take us on.' These comments were made ahead of the start of negotiations in metal and engineering, on 5 May 2005.

Nondwangu told delegates that negotiations would be tough and the union had to begin to think more strategically about negotiations and centralised bargaining, which was under threat. He said: 'Equally worrying is to hear messages that Seifsa wants to decentralise bargaining. We are also worried to learn that there is a view within Seifsa that it is reaching agreement with labour too easily and giving away too much in the process.' Nondwangu pointed out that 'collective bargaining is not just about wages, but a careful, thought-out strategy about solidarity in the industry, quality jobs and employment security.' Hence, the challenge was not, for the union, to negotiate itself out of the labour market. Instead a balance had to be achieved between wages and job security. He criticised delegates for submitting inadequate demands, which in effect, constituted a shopping list of previous demands. He questioned delegates whether the union's demands were adequate enough to defend and advance centralised bargaining, improve wages and enhance employment security.

He indicated that a strategic rethink of demands required a proper review of the 2003 negotiations and to ascertain why certain demands had not been agreed to. 'If we do not think strategically the consequences are too ghastly to contemplate. We must not just merely retable what we did not achieve last year. We cannot have a list of 25 demands. We have to justify why we are bringing these demands.' In terms of reviewing previous demands, he also commented extensively on reviewing previous agreements. 'Are we effectively utilising the existing agreements? If the union is not implementing the current agreement then how can we push for something more if we have ensured the implementation of what we have already got?'

In terms of a number of organisational concerns in relation to collective bargaining, Nondwangu highlighted the following:

- The inability of certain regions to carry through decisions taken nationally on a number of activities leading up to the conference (the bargaining conference was postponed because the regions did not prepare properly).
- Is there sufficient capacity in the regions to lead report backs to get mandates etc?
- What is the role of regional office bearers in collective bargaining – are they involving themselves sufficiently in these processes?
- What structures should be set up to coordinate negotiations?

What then are the demands, which emerged from the bargaining conference? The union drafted a list of 11 demands, which include the following:

- In terms of wages, the union will demand 12% and between 6% and 10% in the second year of a two year wage agreement.
- In terms of job security, the union is demanding four weeks notice pay and four weeks severance pay for every year of service.
- To close some of the gaps, which exist in relation to the use of labour brokers in the main agreement, while the long-term position of the union is to outlaw labour brokers.
- A working group consisting of the union, the Seta operating in the industry – Merseta – and the bargaining council should be revived, while a number of resolutions around training must be endorsed and implemented.
- Grading should be linked to the national qualifications framework levels.
- A number of outstanding demands would be pursued, including an increase in annual leave, adherence to the HIV/AIDS code of good practice, an increase in the afternoon shift allowance and the integration of house agreements into the main agreement.

Meanwhile, attempts were made, at the time of going to press, to resolve an ongoing dispute at Volkswagens' Alberton plant over outsourcing. The union was threatening to embark on strike action over this.

Transport (Satawu)

The union has been engaged in a number of strikes so far this year in support of its wage demands. The most prominent strike was by thousands of truck drivers around the country (see p68.) The union is currently engaged in negotiations with various companies within the Transnet group. Negotiations with the SA Ports Authority is continuing with the union currently demanding 10% and management on 4,5%. The union is also demanding 10% in its negotiations with port operators who are offering 3,7% at present. As mentioned in the analysis on the truckers strike, the union is supposed to be holding a bargaining conference in June.

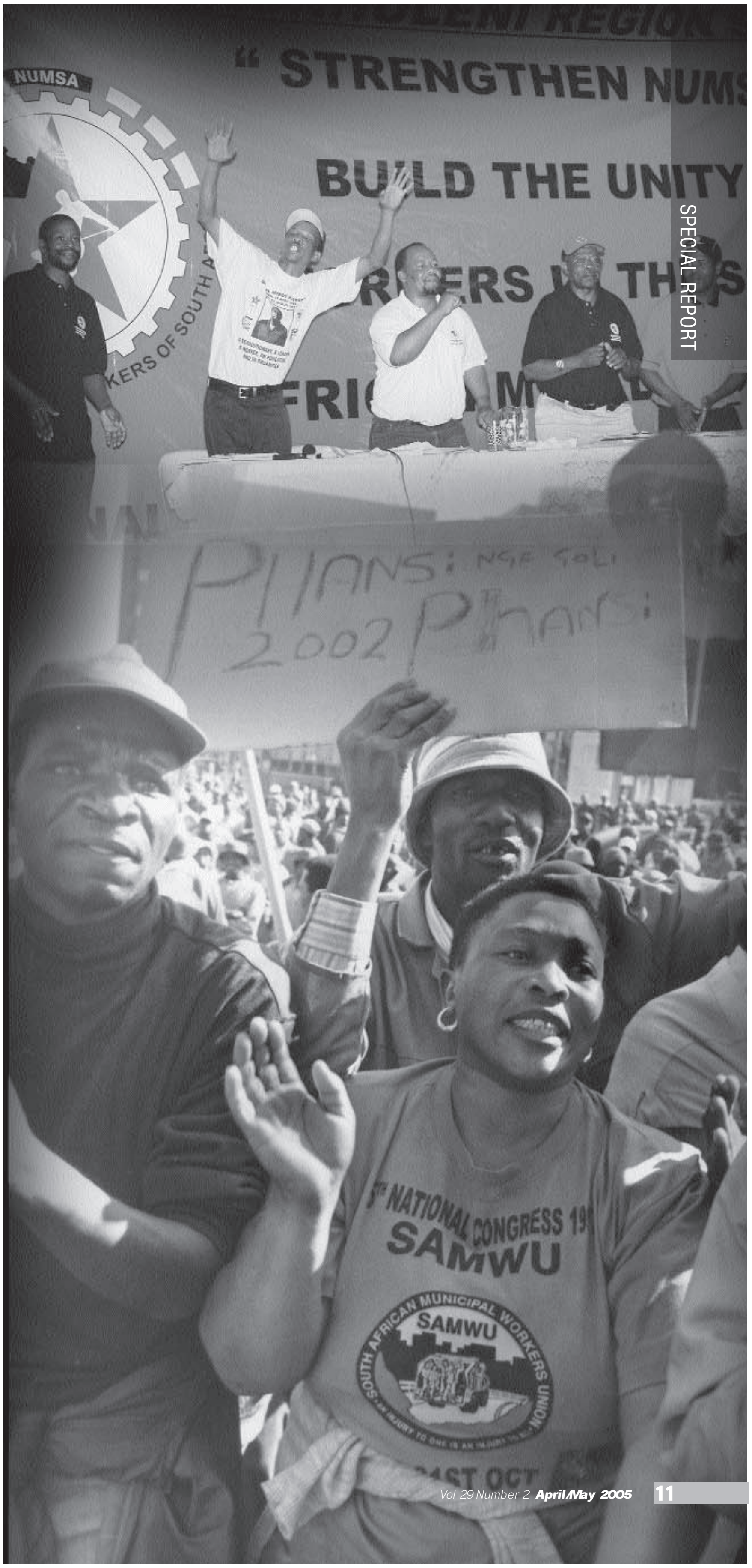
Telecoms (CWU and others)

Whilst retrenchments have been going on at Telkom and other organisations such as the State Information Technology Agency (Sita), the Communication Workers Union (CWU) has been battling to deal with its internal problems, which came to a head in 2004. Last year it was agreed that the union's general secretary Selebogo Kiti would leave quietly following numerous concerns. He has taken a position at the Post Office. In the aftermath of his departure, the union's deputy general secretary Mike Seroba was suspended. Cosatu general secretary Zwelinzima Vavi at a meeting recently highlighted the state of the union. Vavi said the union was living on borrowed time. 'Unless we improve the level of service, we will die one by one. If I have to name a union that is on the verge of dying, it is the CWU. We can all see that they are in trouble. Unless we stop nursing each other, we will regret that we failed to act in time.'

Meanwhile, the union recently held a national bargaining conference where the following guiding principles were adopted in relation to collective bargaining:

- Salary agreements should result in addressing equitable salary differences.
- Parties should agree to negotiate and conclude on agency or closed shop agreement within three months after the signing of wage agreements.
- Salary agreements and implementation should be effective immediately after the expiry of the previous agreement.
- Negotiations should not result in the erosion of workers benefits.
- Training and development must be negotiated and agreed upon between CWU and companies.
- Training on new technology and systems should be conducted with all employees so as to avoid redundancy of employees.

In view of these guiding principles, delegates at the conference agreed on seven core demands so as to avoid a long list of demands which end up confusing the conclusion of negotiations. The demands include engagement to ensure HIV/AIDS policies; establish agency and closed shop agreements where the union is the majority;



ensure income differentials are addressed with demands ranging from 12% for the lower categories to 9% for the higher levels; demand permanent quality jobs (address issue of labour brokers and casuals); skills development; address salary anomalies and gender equity.

Public service

Last year the public service unions entered into a multi-year agreement with government so negotiations on wages is unlikely to be the focus unless, inflation falls outside the parameters set in the agreement. What is likely to dominate proceedings in the public service coordinating bargaining council is governments' proposal to set up one medical aid for all public servants. Government has already registered the Government Employee Medical Aid Scheme (Gems) and is now the subject of negotiations.

Local authorities (Samwu)

SA Municipal Workers Union (Samwu), one of the main unions operating in municipalities, held its bargaining conference in December 2004 to help chart the way forward for negotiations this year. At the bargaining conference, key resolutions were adopted in relation to the type of demands to be pursued and the campaigns to be promoted.

Resolutions were adopted on the following issues:

- The need for quality jobs. It was noted that some Samwu members and officials had been encouraging outsourcing and privatisation while the union had not been sufficiently vigilant in opposing outsourcing, privatisation and casualisation. It was also noted that managers lack skills and find other means to deliver services, i.e. through external contracts and consultants.
  A management layer has to be built that is committed to public sector delivery.
  The union resolved to oppose all forms of casualisation and demand that all jobs of longer than three months be made permanent.
- Employ the same policy of opposing privatisation, outsourcing or casualisation in other sectors such as the water boards and the electricity distribution industry and discipline those managerial and other members who are promoting privatisation, outsourcing or casualisation.
- Expanded public works programmes (EPWP) have positive elements but ultimately remain a poverty alleviation strategy rather than a programme located within an overall growth and development strategy linked to local economic development planning. There is no linkage to the creation of quality jobs in the local economy and the creation of jobs in maintenance in the municipality. The union resolved to support EPWP only to the extent that they form a part of a clear overall strategy for economic growth based on the creation of sustainable quality jobs.
- The re-introduction of prescribed investments will allow the state the resources to improve the social wage, which improvements will far outweigh the prospect of lower investment returns associated with prescribed investments. It was resolved that the union, through Cosatu, must lobby government to reintroduce prescribed investments, of at least 5%, directed at creating quality jobs, building social infrastructure and improving the conditions of workers and communities.
- The creation of a single public service will undermine the independence and autonomy of the local government sphere. It was resolved that government must engage with the unions in an open and transparent way on their position of a single public service so as to ensure that certain services remain the function of local government. Central government provides the necessary funds to ensure the above process takes place and that such funding incorporates the wages/salaries, transfers and maintenance costs thereafter. It was further resolved that local government remain a separate and inter-dependent sphere of government and that the union should campaign against a single public service.
- Government and the South African Local Government Authority (Salga) have dealt with the integration or incorporation of the public service unilaterally. This process must deal with a range of legal and other issues pertaining to the relationship between the local authority bargaining council and the public service coordinating bargaining council.
- A number of resolutions were deferred to the central executive committee. These related to issues around health and safety and skills development. The draft resolution highlighted the fact that shop stewards and Seta representatives lacked a degree of capacity, while shop stewards

serving on structures dealing with skills development and employment equity were not reporting back to workers. Meanwhile, municipalities had not completed skills audits. The draft resolution proposed that the union conclude collective agreements in relation to workplace education and training and workplace restructuring for positive public sector reform.

In terms of wage demands, the union resolved to separate demands relating to retirement fund issues and the like from wages. It was further resolved that the bargaining agenda for the next three years incorporate demands in respect of:

- housing subsidy;
- traditional cultural leave;
- selection and recruitment procedures;
- induction procedures;
- procurement policy;
- HIV/AIDS policy;
- rental allowance.

The union further resolved to consult members on a wage demand of a minimum of R3 500 and an across the board adjustment of 15% or R500 whichever is the greater.

In relation to bargaining cycles, the union noted that it had agreed to enter into a multi-year agreement in 2002 even though they were not ready for such an agreement. The union needs to develop a clear understanding and position on the issue of indexing and indicators like CPI and CPIX. The union acknowledged that there are a number of arguments to be made in favour of or against single and multi-year agreements. These include:

- whether or not the union has the capacity to mobilise workers annually on the issue of wages;
- multi-year agreements can allow for a number of issues, other than wages, to be catered for;
- multi-year agreements potentially reduce militancy;
- regular report backs, fighting for other non-wage demands etc are essential for keeping members mobilised and building militancy.

The union resolved that multi-year bargaining should be approached as a tactic and not as a matter of principle.

- Annual wage demands should however remain the starting point and that the unions use the period between negotiations to report back regularly to members.
- Wage increases should not be indexed until such time as the unions have developed a clearer position on this issue.
- The broader political implications of the union's struggle for a living wage must be factored into their programmes with members and their approach to the employer.
- Unions must do an assessment of the current workforce so that demands reflect the interests and needs of members.
- Unions must ensure that, wherever possible, all agreements have an absolute implementation date attached.
- Unions should be conscious of the ongoing developments towards integration of the public service as this will be one factor in determining the duration of any forthcoming agreements.

Aside from wages, the union looked at issues around job evaluation, essential services and the limited right to strike arising from the way in which the essential services legislation is interpreted, and the rationalisation of retirement funds in local government. This has been part of an ongoing dispute. The union has argued that Salga intends to unilaterally establish its own retirement fund and to force this fund upon the sector.

Wage negotiations covering an estimated 230 000 workers deadlock with Salga in March. Samwu claimed that Salga launched an attack on the unions operating in the municipal sector by withdrawing their trade union rights. Salga withdrew a number of organisational rights that the union had secured in terms of an Organisational Rights Agreement. Samwu is only entitled to the minimum rights contained in the Labour Relations Act. Some of the union rights that Salga withdrew from the unions included the union's right to hold general meetings with members during working hours. These rights were subsequently reinstated.

'Other union rights at stake also include the reduction of shopstewards to one-fifth of our former number. Also at stake is the fact that full-time shop stewards have been required to return to work. This pre-emptive attack on Samwu by Salga, an organisation dominated by the ANC, who is supposed to be in alliance with Samwu is viewed in a serious light by the union. The shutting-down of union offices on municipal premises is also another thorn in the flesh of the union,' the union's general secretary Roger Ronnie said.

By the time negotiations had deadlocked, Salga was offering 4,28% and was refusing to move on the current minimum wage of R2 100 a month.

Financial sector (Sasbo)

Wage negotiations have been concluded in the four major banks except for FNB, which negotiates in August. Increases so far have ranged between 5,5% and 6%. However, all the banks that Sasbo negotiates with have a combination of wage increases and bonus payments that form part of the overall negotiations. This is a trend, according to the union, which started some time ago and has been refined by some banks. In all instances, the bonus payment and salary negotiations go hand in hand and are always linked to a financial target set by the employer, before the bonus payment becomes payable. There are different types of schemes. In one instance, it was agreed that the bonus pool would grow each year and would also be pensionable as part of an employees' remuneration. Bonus payments are usually paid out once or twice a year and this year, so far, have ranged between 3% and 7%.

CONCLUSION

Are unions paying sufficient attention to collective bargaining, which is supposed to be a core function? Are unions using collective bargaining strategically so that it becomes central to recruiting and other campaigns? Have unions reviewed their bargaining strategies so that they are more appropriate for the current climate? Do negotiators have access to all relevant information so that they can present informed counterarguments to management? Do unions examine the skills, knowledge and experience of their negotiators? These questions need to form the basis of some serious internal discussion if unions are going to make any gains for their members in the current environment – the editor. LB