

Listening and learning

a pathbreaking agreement

This is a huge step forward. It is the first engineering agreement to come out on time. There was a real will to change between parties. And the most important thing was that the agreement built a relationship rather than destroying the relationship as in the past.' In these words Ketan Lakhani, an independent facilitator, summed up the latest agreement covering the engineering industry.

For once there is agreement on this statement – both employers, represented by SEIFSA, and the majority union NUMSA (with 170 000 members), seem pleased with the agreement. And it is an important agreement to feel pleased about because it affects 250 000 workers' lives, and covers 9 000 companies.

But why is this agreement different from others?

Past negotiations

Alistair Smith, a former NUMSA organiser, commented on negotiations in the late 1980s: 'Negotiators have this preliminary meeting with all the unions present, and we motivate our proposal – this goes on for weeks. And the serious bargaining only takes place towards the end of June, and the agreement is about to expire – now people start getting serious!'

Negotiations dragged through eight to ten rounds from March to September, and NUMSA knew that if employers said 'this is

Kally Forrest shows how a new approach to bargaining has resulted in the 1999 engineering agreement being concluded quickly and addressing parties' concerns.

our final offer' there were three more stages to go. If there was a dispute, SEIFSA did nothing to speed up their internal meeting process.

This pattern dragged on into the 1990s. Year after year, unions and employers negotiated through a veil of mistrust, disputes, and at times, strikes, which did nothing to develop the industry.

Parties signed the agreement in September after endless rounds of negotiations, then it took another couple of months for the minister to gazette it. It was difficult to deal with worker grievances in this time because there was no legal agreement. At last, by December, as workers left for the December break, the agreement was in place. Wages were backdated to July, when the last agreement expired, but employers often did not implement agreements on conditions like leave pay and bonuses.

By January of the following year, employers started to implement the

agreement. But, by this time, the next round of negotiations, in March, were already peeping over the horizon.

The 1999 agreement brings this clumsy process of negotiations to an end.

Restructuring bargaining

Earlier this year, union and SEIFSA leaders met to re-model the industry's bargaining process, and to look at problems, trends and challenges in the industry. Both parties agreed that Lakhani should facilitate pre-bargaining meetings and negotiations.

Pre-bargaining discussions led to meetings with economists and other specialists to reach common understanding on the state of the industry. NUMSA had often brought in specialists for information on the state of the economy. But, for the first time, employers also attended these discussions.

Pre-bargaining meetings led to some useful agreements. Firstly, that the agreement should run for two years, to give time to properly implement its contents, and deal with other urgent issues in the industry.

At these meetings labour showed a great commitment to dealing with negotiations differently. Unions agreed to focus on four core issues:

- developing a wage model;
- reducing working hours;
- creating employment in the industry;
- aligning the agreement with the recently passed BCEA.

The BCEA, for example, gives the overtime rate at time and a half, whereas the engineering agreement still held to time and a third.

This limited number of demands was a big shift for NUMSA. In the past the union presented a long 'shopping list' of demands with big and small issues like wages, tool allowances, training, and overtime rates nudging each other on the

same list. This meant that negotiations got sidetracked, with unions and employers endlessly moving back and forth to get mandates, causing huge delays.

There was also a decision to restructure the Metal and Engineering Industries Bargaining Council, and to give it more powers. All parties agreed that the council's executive committee will now deal with details arising out of negotiations that need further discussion and research.

This pre-bargaining process had astonishing results. The parties set two days for negotiations. The first in April to table demands, and the second in May to complete negotiations. The gap between negotiations gave parties time to consult with membership. For the first time in NUMSA/SEIFSA negotiations, this target was reached. And for the first time since the early 1970s, all parties signed the main agreement before the previous agreement expired.

Elias Monage, NUMSA's sector co-ordinator for engineering, commented 'Some of the shopstewards are still locked into the old system of many meetings... so to some of them this came as a shock. They couldn't believe it!'

But what was agreed in these negotiations?

Wages

All parties agreed to develop a wage model. This meant agreeing on principles rather than fighting over the details of percentage increases. They agreed to sign a two-year agreement on wages without returning to negotiate increases in the second year. Employers also agreed to link wages to the Consumer Price Index (CPI) and not to worker performance.

The final agreement was a CPI increase plus a 2% improvement factor for the bottom grades. But employers were

worried that if inflation went above 10% they may not be able to foot the bill. Unions were also worried that if the CPI went below 5% workers would lose out. Employers therefore agreed to guarantee a 5% increase if inflation fell below 5% as this would mean, anyway, that the economy was in a good way. And unions agreed to re-open negotiations in the second year if the CPI went above 10%.

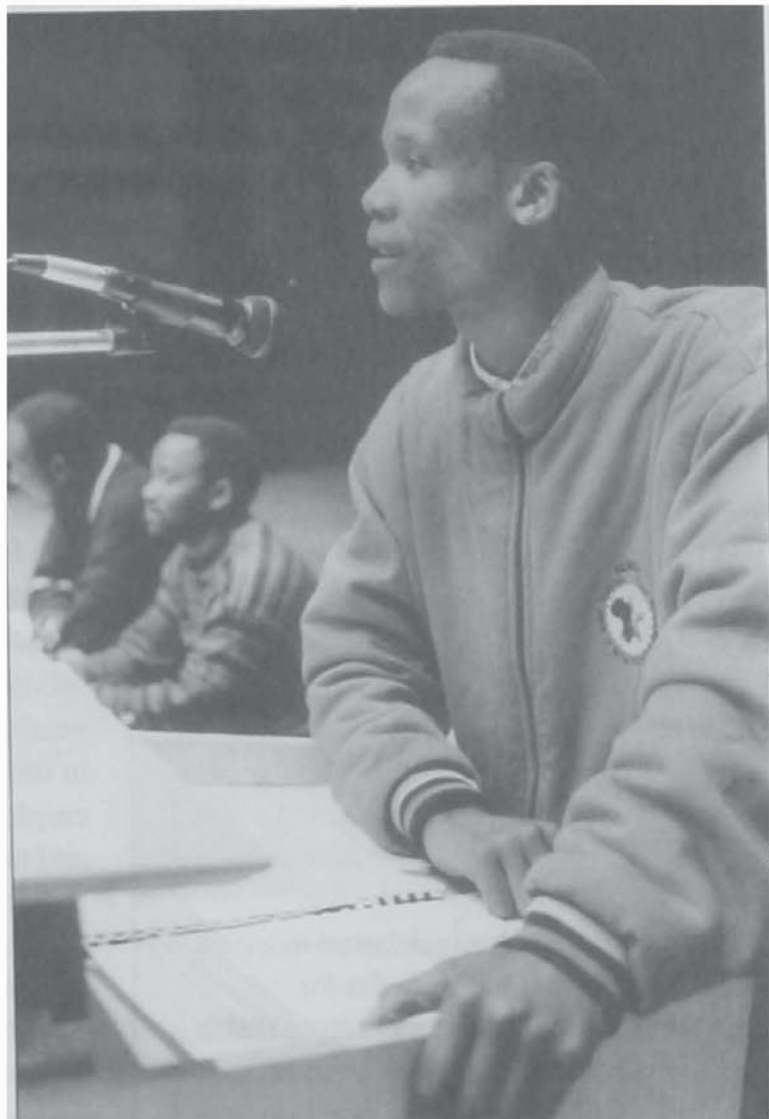
From the early 1990s, NUMSA had a policy of closing the apartheid wage gap by decreasing the gap between the highest and lowest paid workers. In line with this demand all parties agreed on differential, rather than across the board, increases on the hourly rate. The bottom grades got higher increases than higher grades – between 7,5% increases for skilled workers and 8,75% for unskilled

workers. Both parties agreed to find ways of further reducing the wage gap, and tasked the council to look at ways of doing this.

40-hour victory

Unions won a quiet victory around the reduction of working hours. NUMSA had put the demand for a 40-hour week at every round of negotiations since the early 1980s. They argued that workers needed proper rest and time to be with friends, family, and do other activities.

Now with the backing of the new BCEA, which states that employers must work towards a 40-hour week, NUMSA made real progress. Workers also made it clear that this was an issue they would take action on, as Monage puts it 'they are



Elias Monage – a skilled negotiator.

not willing to go into the new millennium carrying outstanding issues'.

In 1996, NUMSA won a reduction in working hours from 45 to 44 – with an hours loss of pay. Now, after long and strong debate, with employers arguing for a reduction over eight years, there was agreement to phase in a 40-hour week over four years. Employers agreed to drop one hour every year starting with the current year. By the year 2002 the industry will have a 40-hour week.

Much debate centred around whether a drop in hours meant loss of pay. In the end, employers agreed to pay for half the cost of the lost hours – they agreed to pay for 30 minutes of the hour dropped in each year.

And so a 20-year struggle for a 40-hour week came to an end.

Flexible working time

Employers argued that flexibility around working hours was important because of the nature of the industry. At times a contract involves large workloads and to deliver, workers need to put in more than a 40-hour week. At other times employers are forced to lay off workers, or put them on short time, when there is little work. To deal with this problem the idea of annualisation was put forward.

Annualisation involves averaging out work hours over a year. This means that workers have to put in a certain amount of hours over the year, and the company pays their salaries according to this calculation. This is a big change from the normal weekly calculation.

Annualisation is hotly debated in NUMSA because it has benefits for employers but it is not always clear that it benefits workers. For employers it means that they do not have to pay overtime if there is a lot of work because workers will put in the hours now, and will do fewer hours later when things are slack.

On the positive side for workers, annualisation means a steady income all year. This makes it possible for workers to pay out regular costs like school fees, rent, etc. On the negative side, workers do not get the extra income from overtime. There is also the danger that at the end of the year workers will find they have not done the hours set out at the beginning of the year. Workers will then have to take a lower salary, or lose annual leave, or their bonus.

For these reasons, the agreement states that changes in work hours is voluntary and must be negotiated with workers at plant level and put in writing.

Some unionists fear that employers may impose flexible hours by saying 'It's in the

agreement'. Workers who are not familiar with the agreement may find they are working long, unsocial hours with no extra benefits. There is also lack of clarity around how to deal with overtime pay. If workers 'bank' extra hours they have worked, will they get paid overtime rates, or will it be in the form of leave? And what if the company goes into liquidation, will they lose out on payment for extra hours worked?

Mega policy forum

The shadow of retrenchment tracks every metal worker. Since 1987, the engineering industry has shed over 400 000 jobs. For years NUMSA has battled to save jobs, and in recent times the union tried to engage employers in discussion around job loss, and the future of the industry.

For the first time in these negotiations, employers showed a seriousness about discussing these issues. They agreed to an industry policy forum where all sectors of the industry come together - engineering, auto and motor sectors. The idea is to jointly agree on a clear programme in a 'mega bargaining council'.

The council will have two chambers. The first will discuss industry policy issues like tariff reduction, customs and excise, and manufacturing strategies. The second chamber will discuss collective bargaining.

Parties also agreed to create an Engineering Work Security Fund (one already exists in the auto sector). The idea is for employers to contribute a certain amount of money for every worker so that in the case of retrenchment there is money to retrain workers. The council will work out the details of this fund.

Implementing the agreement

A former NUMSA organiser, Chris Lloyd, talking about the 1996 agreement complained that: 'There hasn't been one

proper seminar, no attempt to target companies, no attempt to explain the agreement... You never have success in the negotiating of an agreement. It's the implementation of the agreement that's critical ...'

NUMSA came to the 1999 negotiations knowing this lack of success in implementing past agreements. So there was detailed discussion on implementation and some big changes emerged.

Firstly, all parties agreed that past agreements were unreadable. They were too complicated, technical and legalistic, and people admitted they mainly worked off the executive summary. For low literate workers, and for 70% of employers with small businesses, past agreements meant nothing. The idea is to now write the agreement in plain language, without legal addendums, and to make it shorter and user-friendly.

Parties agreed on a joint road show, with schedules to educate in each region. In the past each party went their separate way to explain the agreement. Now unions, employers, and council officials will travel together to educate and explain the agreement to joint forums of shopstewards and employers. This means that everyone will hear the same version of the agreement.

All employers will get pamphlets explaining the agreement. And the agreement states clearly that shopstewards must get time off to educate on the agreement, so there is pressure on employers to see this happens.

There are also resources to educate council officials to deal with the restructuring of the council. For council employees this means a shift from policing employers, to becoming facilitators. Bargaining council regional managers have already undergone training on new ways of managing the council.



The 40-hour week has been won.

The fact that implementation is already happening, gives hope that this time round thousands of workers and employers will come to understand the agreement. The two-year period also gives more time to run education programmes without the distraction of further negotiations.

Why was it possible?

Part of the reason is the changed political climate. It has taken a few years for old adversarial patterns of bargaining to die back and for new post-apartheid relationships to develop. But a big factor was the decision to use a facilitator. Lakhani paid attention to building trust between parties by insisting that there was information sharing. Lakhani comments on his role: 'I helped prevent positional bargaining and kept the focus on the future relationship. I also demanded that they show leadership in



All negotiators will report back to their constituencies in joint sessions.

order to put an end to an endless return for new mandates.'

Lakhani also commented on the maturity of the union leadership, citing Monage's noteworthy negotiating skills. Employers too were more open to a different style of negotiations, partly because as Lakhani puts it 'they are feeling the pain' of an industry in distress.

Monage feels the improved relationship between unions also played an important part. For the first time unions consulted closely, and presented a united front because as Monage puts it: 'The other eight unions are not significant but they can still mess you up in negotiations. And the employers could not play off one union against the other.'

Conclusion

Monage is pleased that the agreement focuses on wage and non-wage issues because, as he says: 'Workers don't only join unions for wages. For instance, on retirement, people should feel proud and say "I was a member of that union and

they've done ABCD for me" and even during retirement they are benefiting from what was bargained. Non-wage issues are usually the first to be compromised, so the key question is how do you package and focus on all those issues. And we managed to do this, to keep the focus on the four major core areas.'

All parties see the agreement as path-breaking but nobody claims that it solves all problems. Monage feels that the agreement builds on the union's past mistakes, 'Each settlement is different from the one we reached before. We learn from the mistakes, and correct those mistakes, and then the following year there is a better agreement.'

People are approaching the agreement with a spirit of openness and experimentation. In Lakhani's words, 'There is no precedent for what we have done in this agreement. So we will just see how it unfolds and evaluate.' ★

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