

"A radical shift is needed"

What progress in Numsa's Jobs Campaign?

In March the National Union of Metalworkers of South Africa (Numsa) held an urgent Job Security Conference and thereafter launched a campaign to save and create jobs in its sectors. **Kally Forrest** spoke to its president **Cedric Gina** and others in the union to find out how far this important campaign has progressed.

Numsa knows it is bleeding jobs – it has recently lost about R1-million in workers' subscriptions. In the last six months to June about 60 000 jobs have been lost in the metal sector. Of these 45 000 are Numsa members.

In auto, the worst affected, 4 496, or 12.9% of the industry's employees have been retrenched. A further 3 000 jobs could be lost in the rest of the year. Most vehicle assemblers are working on short time.

With a world recession in full swing people are buying many fewer vehicles. This means that the retail sector is also badly affected. And another at least 3 000 jobs have been lost in the engineering sector where many job cuts occur in small firms that cannot withstand the recession.

JOB SECURITY CONFERENCE

Confronted by this appalling loss of livelihoods Numsa convened a Jobs Security Conference in March to develop a multipronged campaign to fight job losses.

In general terms the union agreed that South Africa needs an industrial strategy to transform the apartheid structure of the economy in the interests of all its people. To achieve these delegates believed that the

over-concentration and monopolisation of wealth must come to an end. The country must invest in the productive capacity of the economy as opposed to its financialisation.

The union mapped out key areas for its membership to engage with to begin transforming the economy and protecting jobs.

These included engaging with government's multi-billion rand stimulus package to kickstart the struggling economy. This delegates believed must be implemented equitably across all regions and involve the promotion of maximum local content. Numsa regions were tasked with ensuring that provincial governments engage in this process and that bailouts should not go towards CEO bonuses or pay for industry inefficiencies but towards saving jobs.

Delegates called for urgent measures to bail out any company facing closure. Government should make credit guarantees and low interest and emergency bridging loans available to such firms. Bailouts of companies should however be conditional on a retrenchment moratorium, union agreement, full disclosure of company information and the maximum use of local content.

Further, the union contended that government policy had hampered growth and development. The Reserve Bank's wings should be clipped to serve a developmental agenda which a monetary, fiscal and industrial policy should prop up. In this respect Numsa called for an urgent review of inflation targeting and an interest rate cut.

Government policy should also drive increased local content to 75% in manufactured goods together with greatly improved funding for research and development.

As respects industrial policy, the union believes that a stronger focus is necessary on increasing import tariffs to the maximum possible under WTO rules.

The union called for a review of the auto sector incentive scheme to ensure that it provided decent jobs. Employers should not be allowed to use contract, casual workers and labour broker suppliers. Delegates felt that trade union activity is not enough in the current situation and that Numsa should lead broad community campaigns to ban labour broking and extend consumer rights.

Delegates called for an end to the importing of luxury vehicles as well as that 70% of components to cars produced under the Motor Industry

Development Project (MIDP) should be locally produced. Also Numsa should lead the creation of 'green jobs' and campaign for funding for cleaner vehicles.

In the case of short-time, layoffs and retrenchments delegates maintained that full wages should be guaranteed by government. Workers' homes should be protected through a moratorium on evictions and a Work Security Fund should be established in all its sectors.

Any short time, the union believed, should be used for skills training and a union technical training college should be set up. The recognition of prior learning should be accelerated to allow for extended training of artisans.

Numsa resolved to develop materials and train organisers and shop stewards around retrenchment issues and the main agreements relating to short-time and the dangers of taking retrenchment packages. It urged workers to report all retrenchments to union structures so that regional bargaining councils can investigate.

All of the ideas that emerged from the Jobs Conference had to be immediately discussed in regional job security conferences.

INTEREST RATE CAMPAIGN

Numsa immediately convened regional meetings where workers engaged with its multipronged strategies. Explains Cedric Gina, Numsa's president, "There had been a lull in Numsa for some years before our national congress last year. Now we are returning to the days of Mawu (Metal & Allied Workers Union). We are becoming a campaigning union again."

The first campaign to hit the news was Numsa's mobilisation against high interest rates. Said Gina laughing, "Many think that Tito

[Mboweni - Reserve Bank Governor] was forced to go because of Numsa's campaign." The union picketed and marched to the Reserve Bank where they got a chilly reception from Mboweni who refused its memorandum and it was also criticised by Gwede Mantashe, ANC secretary general, for its actions.

Numsa using the media proactively, immediately convened a press conference explaining its campaign. This resulted in a meeting with Mboweni. The union dedicated three days to preparing for it, with the help of progressive economists. These sessions strengthened the union's political confidence to defend its position.

At the meeting with the Reserve Bank, the bank explained why it maintains high interest rates and inflation targeting. Numsa in turn explained its position. It was agreed to engage further and the union suspended its protests. It has since been planning for the next meeting and has ensured that regional leadership are well briefed to make information accessible to members of the union.

The campaign also addressed the Reserve Bank's monetary policy, exchange controls and the problem of the easy flow of money in and out of the country which impacts on the stability of the economy.

The interaction with progressive economists motivated Numsa leadership to deepen this engagement and to address resolutions taken at its congress to struggle for changes in South Africa's macro-economics, fiscal and monetary policy and to develop an alternative package. The union is now considering the launch of an economic institute.

The union also believes that there is an equal need to confront the South African banking system. Banks

enjoy a repo lending rate of 7% from the Reserve Bank and yet they lend money at 11% and levy high charges.

ENGAGING EMPLOYERS AND GOVERNMENT

Besides addressing the macro-economic environment Numsa quickly moved to support workers in its distressed sectors such as auto and capital equipment. This has meant engaging with employers and government. Meetings have been held with individual ministers but similar issues are also being more widely discussed at Nedlac (National Economic Development Labour Council) where a distressed sectors task team has been set up.

Following the lead from its Jobs Conference the union formulated a demand to employers for a moratorium on retrenchments. Two issues were related to this demand: that a moratorium should be accompanied by troubled companies gaining access to government loans, and that the union should have some control in firms accessing loans.

Employers accepted Numsa's formulation on the principle of a moratorium but they took alarm at its proposal around partial control in their companies. Discussion followed where the union proposed the possibility of holding shares based on the value of the loan that government provided.

The union then briefed the Minister of Trade and Industry, Rob Davies on its approaches to job loss. Commented Gina, "It has been easy to get access to ministers which allows for things to move quickly." It also met with the Minister of Economic Affairs, Ebrahim Patel where it suggested that Numsa's formulation should be broadened and championed by government itself. They discussed options around



Delegates to Numsa's Job Security Conference in March this year.

how control could be achieved.

Some of these options were that the union could have directors sitting on company boards. Numsa could identify progressive accountants, engineers and lawyers to sit on boards on its behalf. These directors would pass on information to the union and influence the direction of the business. Board fees would be deposited in a bursary fund for union members.

Another option for companies receiving government loans would be to set up a joint committee of business, government and the union. It would focus on the operations of the firm and ensure that company programmes are consistent with agreed broad objectives. It could also ensure the moderation of executive pay.

The last option could be that government takes equity in a company depending on the value of the loans it has committed. The only problem is that government would not be guaranteed a return on its loan to the distressed company.

Further meetings will be held with the two ministers and the union to discuss the options.

Many loans will be financed by the Industrial Development Corporation (IDC), a state-owned

development finance institution.

The IDC is concerned however that some troubled companies, especially in components, that are badly managed, could be bailed out.

There has also been concern that while some companies are accessing loans others are unaware of IDC's loans at favourable rates. The IDC will thus launch a roadshow to publicise its services while the union will use *Numsa News*.

Another difficult issue has been the question of full pay for workers on short time and lay off. It has been difficult to address as everyone passes on the responsibility for dealing with this. Minister Patel has now convened meetings where different ministers are involved in discussion.

It was decided that companies should pay a portion of short time wages while government will contribute through a training subsidy. The union also proposed that employers in its sector should contribute.

The union met with Labour Minister Membathisi Mdladlana to urge his department to think strategically about the Unemployment Insurance Fund (UIF) as mechanism to both pay out retrenched workers and also to

avoid retrenchment. It pointed out that the UIF has reserves of R20-billion of which only R16-billion is needed to sustain the Fund. Numsa suggested that workers on short time and lay off could be paid and retrained using the R4-billion surplus.

Numsa invited Gauteng Premier Nomvula Mokonyane to its central committee to discuss a range of economic issues. It is proposing that a Nedlac type structure be created in each region so that labour/business/government can continuously engage and initiate projects. The KwaZulu-Natal Department of Economic Development hosted an Economic Recovery and Jobs Summit and agreed to institutionalise a tripartite advisory body. Numsa is arguing for the inclusion of the community constituency in line with the Nedlac Act.

The issue of local procurement is also under discussion as too often South Africa sources imported goods that could be readily manufactured locally. The union met Public Enterprises Minister Barbara Hogan and pointed out that many jobs are lost or not created because of government's procurement practices such as sourcing parts from Germany down to small bolts and nuts.

The union was aggrieved that new buses for the Bus Rapid Transport were purchased from Brazil. There are now assurances that future buses will be manufactured locally.

Government has now made the decision that procurement policy should be driven by the presidency which will produce a framework for local government procurement. It also needs to make legislative changes to ensure that maintenance required on imported equipment can be done locally and involve a transfer of skills.

The Department of Public Enterprise has agreed to fund a workshop with Numsa to engage on strategies to stimulate the economy.

The union also pointed out to government that its BEE (Black Economic Empowerment) policies can destroy jobs. The Durban Metro, for example, awarded a BEE contract which sourced cables from China instead of from local company Abedare Cables where jobs are threatened. "This was a great loss of opportunity to provide local jobs," states Gina.

SECTOR INTERVENTIONS

Numsa aims to develop an industrial policy framework in all its sectors which would involve bargaining councils or the union taking the lead. The main area of policy development will concern job losses including obligatory disclosure of retrenchments so that early interventions can be made.

It will develop in all its sectors – engineering, auto and motor – a framework policy on tariffs and trade dumping, the energy crisis, local content and a social plan to transform industry and ensure the socio-economic development of areas where companies operate or source their workforces. It will approach other metal unions to collaborate in developing this framework.

In the area of capital equipment, employers and government are meeting to address issues around tariffs. The Department of Trade and Industry is investigating tariffs in the telecommunications and electronics sector. However, clearly opposed to such demands, government recently announced that a range of tariffs on machinery and capital equipment will be slashed to zero arguing that this will lower the cost for downstream manufacturing, drive growth and increase jobs.



Rob Davies, Minister of Trade and Industry speaking at the Job Security Conference.

In auto, component companies have agreed to tariff increases, but auto assemblers fear a trade backlash from parent companies and in Europe because of a special agreement. Their proposal is to freeze tariffs.

Numsa has successfully engaged the training authority, Merseta, which covers the engineering and motor sectors. The Seta has released R80-million for retraining for use by Numsa companies. This will be complimented by government's announcement that it will set up a National Job Fund which will pay out a training allowance at 50% of the laid-off worker's wage to a maximum of R6 239 pm. The finances are drawn from the National Skills Fund and the Unemployment Insurance Fund.

Numsa has also held intensive meetings with the CEO of the Metal Engineering Industries Bargaining Council. One of the suggestions is that the engineering sector engages with The Esop Shop which assists unions to negotiate employee share ownership plans.

COMPANY INTERVENTIONS

Numsa national office bearers have also been intervening in companies where retrenchments are threatened and in promoting business opportunities. They have

met with employers and government, and have opened up areas where the union needs to research further.

The union fought a bitter battle with General Motors over its retrenchment practices. In June the Labour Court found that GM's April retrenchments were procedurally unfair. Thereafter Numsa has ensured that 460 permanents and 180 workers on short-term contracts which came under dispute, received fair compensation.

Leadership has also intervened around possible job losses at CBI-Electric and Aberdare. It contacted Public Enterprises Deputy Minister Enoch Godongwana about Telkom importing cables instead of placing orders at Aberdare. Godongwana clarified that this is a Department of Communications matter.

Numsa leaders are also investigating the parastatal Transnet's importation of wheels for the Gautrain which could have been locally manufactured by Scaw Metals. This has forced government to look into the matter.

At a meeting with Eskom's executive, the union discussed procurement and the parastatal's proposed price increase which will hit workers hard. It suggested that Eskom develop a transparent

pricing formula and stated it was opposed to individual consumers paying more for power than corporates.

At Atlantis Forge in the Western Cape Atlantis industrial area Numsa leadership intervened to try and save the company from provisional liquidation. There has been outside interest in buying the company for about R3.4-million. The IDC has however a 40% stake (R30-million) in the company and is refusing to let it go. Numsa asked Rob Davies to intervene so that the company which employs over 400 workers could be saved but this was not successful.

CONCLUSION

It is evident that the union has had some successes in its whirlwind campaign to save jobs – a campaign which it has carefully taken down to its membership. The creation of a National Job Fund, use of UIF and Merseta reserves, the lowering of interest rates, its active engagement with government and employers are all testimony to the pressure the union has brought to bear.

But it is clear that it cannot let up on this campaign. Cosatu (Congress of South African Trade Unions) is complaining that government is dragging its heels on the Framework for South Africa's response to the international economic crisis agreed by business, government and labour earlier this year. Jobs will loom large at the Cosatu Congress in September and Numsa intends to push the ideas that underpin its Jobs Campaign.

Says Gina, "A radical shift is needed, not driven by the ANC Youth League alone, but by workers nationally. It's about shifting people's consciousness in society, business and government so they see the implications of their decisions." ■

Retrenchments at Ford

Simon Selokoma is a 42-year-old shop-steward for Numsa at Ford in Port Elizabeth. He has worked at the company for 20 years. Until five months ago he felt he was in a secure job. Now he wonders.

In November 2008, the plant was producing 900 engines a day but due to the global economic slowdown production fell to 400 a day. "The company was not making the same profit and could not break-even," comments Selokoma.

Retrenchments followed.

The company was asked to provide financial counselling and to give employees enough notice before retrenching. Selokoma felt this did not take place. Workers were told during the December shutdown that they would not be coming back to work the following year.

"I have lost so much weight and have sleepless nights. This is taking its toll psychologically and emotionally as my colleagues and friends lose their jobs. How can you sleep peacefully when your colleagues are losing their livelihoods and have their lives and plans disrupted?"

"Some of my colleagues were getting married in December (2008) and were retrenched at the end of November. Some have had to relocate due to not being able to make their mortgage repayments and some have had to totally adjust their lifestyles and it is not easy to do that."

These retrenchments have meant that community projects have come to an end as the company can no longer afford to sponsor them. At the Ford plant in Pretoria, informal traders from Mamelodi Township made their living by selling food and other goods at the company gates. With fewer employees this means fewer customers for many traders.

The HIV/AIDS project at the company is ending due to lack of funding.

In the Port Elizabeth plant Ford sponsored a soup kitchen for destitute people in poor communities. It donated samp and beans which were cooked on the company premises and then driven out to the kitchens. This has come to an end and those working in soup kitchens have lost their livelihoods.

Some of the retrenched's children who received Numsa bursaries will no longer qualify since they are no longer Numsa members.

There are some workers who support more than ten people on their salaries and this has left them worrying how they will continue supporting their families. There has been talk of workers committing suicide because they are not able to cope with the loss of their jobs.

"It is a chaotic and painful time," remarks Selokoma. "I am not able to sleep at night for fear of what tomorrow will bring."

(Interviewed by Rudi Dicks)