

# Document: the bosses strategy

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Below we print a confidential document produced by employers in the printing industry. The document - which was circulated among employers in the industry - shows clearly why the employers are opposed to national bargaining with militant unions, and outlines their strategy for destroying the National Industrial Council for the Printing Industry.

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## **Why does PPWAWU want to join the NIC?**

**It is in their strategic interests to do so because:**

1. It is easier to negotiate common conditions of employment.
2. They are able to paralyse larger companies legally if they declare disputes at industry level (getting around the sympathy strike prohibition in the LRA).
3. They nullify the closed shop that SATU has at the moment.
4. They have a high profile public forum which they can use to give themselves "credibility" i.e. attack SATU and employers alike and introduce demands such as -
  - a "living wage" (NUMSA are demanding a 68% increase this year).
  - alternative public holidays

- no deductions of tax by employers
  - paid maternity and paternity leave
  - the conversion of the pension fund to a provident fund
  - no retrenchments in the industry
  - that employers demand the release of all political detainees.
5. They will gain access to NIC funds.
  6. They will be able to get employers to deduct and remit union subscriptions through the NIC system.
  7. Once they gain entrance to the NIC they will be able to force the employers to continue negotiating at national level - based on precedent and supported by the Industrial Court (Pilkington Shatterprufe vs CWIU).
  8. They are able to influence all of the small employers that they currently cannot organise.
  9. They gain access to NIC information regarding employers, number of

employees, etc.

10. It is an essential step if they are to achieve their objective of "one union, one industry".

### **Why has the Industrial Council been successful in maintaining industrial peace in our industry?**

1. The parties have known and respected each other for 70 years.
2. The industry's wellbeing supercedes partisan interests.
3. Having only one union has simplified negotiations - up until 1983 no exemptions from the closed shop were granted to other unions.
4. The Federation and NPU have represented the vast majority of employers in the industry.
5. The closed shop and the "no strike, no lockout" provisions brought peace until the new labour dispensation.
6. By and large there was only one negotiating forum - the Council. Chapers were only vocal in the newspapers.
7. Employers were forward thinking and fairly generous in granting conditions such as the 40-hour week, and the 15% shift rate together with the benefit structure contributions.
8. Having national negotiations relieved employers of the responsibility of negotiating at plant level.

### **Benefit funds**

**If the NIC dissolves:**

(a) The legal compulsion to contribute to the funds disappears.

(b) The pension fund must be liquidated (S17(2))

- liquidator must purchase annuities for current pensioners
- the balance remaining after payment of the costs of liquidation can, at the discretion of the Industrial Registrar either be transferred to some other fund established for the benefit of employees in the industry or be apportioned on an equitable basis amongst members with not less than 15 years membership - this can be used to purchase annuities payable at normal retirement date (S18).

(c) The General Benefit Funds (Employee Benefit Fund, Medical Aid Fund and Training Schemes Fund) must also be liquidated [S16(2)]

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- the liquidator shall, if the Industrial Registrar so directs, transfer the balance remaining after deducting the costs of liquidation to another fund



or funds established for the benefit of employees in the Industry or in the absence of such direction -  
(S15)

(i) the unexpended balance of the Employee Benefit Fund shall be transferred to the Pension Fund (and death with as outlined above)

(ii) in the case of the Medical Aid Fund, 50% of the unexpended balance shall be paid to the Employers Organisations and 50% to the trade union

(iii) in the case of the Training Schemes Fund, the unexpended balance shall be paid to the employers organisations.

(d) The General Fund will be split three ways one third to the trade union, one third to the employers organisations and one third to the State.

(e) As at the 31/12/1988 the funds were as follows:

(i) Medical Aid Fund/Labourers Sick Pay Fund : R7 717 054

(ii) Training Schemes Fund:  
R6 038 747

(iii) NIC and Labourers Pension Funds : R466 million (Book value)  
R667 million (Market value)  
Employee Benefit Fund/Housing:  
R5 million

(iv) General Fund: R919 576

## Alternatives to consider

### A. Pension/ Provident Fund

1. The Federation adapts and revives the Fedprint Pension Scheme to allow employees of our mem-

bers access. Companies who chose this route could allow us to ask the Industrial Registrar to transfer their employees' actuarial reserves to the Fedprint Pension Scheme. Whilst the employee remains in the service of Federatin members his pension would be transferable.

2. Allow SATU to 'take over' the current Funds and continue with the administration - this means that if an employee leaves the SATU however, the employer contribution would remain in SATU's coffers.

3. Start a Federation Provident Fund or use the Old Mutual's 'Bridge Builder' to provide flexible benefits. We can expect unions to want trusteeship on any funds in which large numbers of their members participate.

### B. Medical Aid

1. Allow the SATU to keep the employers half of the fund so the PIMAS continues in the same way as at present - except that SATU would be responsible for the collection of subscription - not the NIC. This generous concession could be used to obtain something in return from SATU if we so desire.

2. Take 50% of the Medical Aid Fund and put it into the Federation's Medical Aid Society whilst at the same

time opening membership to all employees in the Industry (i.e. go into 'competition' with PIMAS).

3. Allow SATU to have the whole Medical Aid Fund but still open membership of the





## ***UNIONS AND DISPUTES***

Federation's Medical Aid Society to weekly-paid employees in the Industry.

### **C. Training Schemes Fund**

1. Obtain SATU's support in approaching the Industrial Registrar to transfer this money into our own Education Fund (perhaps in return for the Medical Aid Concession).

### **What is the likelihood of PPWAWU's application succeeding?**

Certain. Even if the Federation and SATU reject their application, they will be admitted by the Industrial Court (ACTWUSA vs NIC for the Leather Industry). Only the timing is in question.

### **What are the implications for the Federation if PPWAWU is admitted?**

1. Certain large employers will leave the Federation - this means a loss of 40% of income and a very much less representative body.
2. Smaller employers will be subjected to PPWAWU.
3. Fierce competition will occur between the SATU and PPWAWU in a bid for membership. This will manifest itself in extremely unrealistic wage and other demands.
4. National disputes and therefore national strikes.
5. Unless the Federation is dissolved, we will be forced to negotiate nationally for ever - with or without an NIC.
6. A far greater amount of time than

even at present will be spent by Chambers on NIC matters -

PPWAWU will be represented on all NIC structures - including Joint Boards.

7. There is a possibility that PPWAWU and SATU sometime in the future could merge or that SATU could be 'hijacked' by PPWAWU.

### **What are the alternatives to PPWAWU's admission to the NIC?**

1. **Change the NIC to exclude packaging from its scope** - however this will have the following implications:

- (a) Identical technology will exist on either side of the dividing line but working rules and conditions of employment will be different.
- (b) PPWAWU has many members in non-packaging plants and this move will not do anything to deter them.
- (c) We might open ourselves to allegations of "union bashing" and of committing an unfair labour practice.
- (d) It may still result in the large packaging companies leaving the Federation.
- (e) The Federation will be unrepresentative of broader printing interests.

2. **Attempt to prevent their admission** - however:

- (a) As already stated, the Industrial Court has clearly decided that no party should be excluded from a Council, irrespective of its area of interest or scope of registration.
- (b) Several large employers will leave the Federation anyway because of the strategic dangers posed by two-tier



negotiating.

**3. Dismantle the Federation** - however this would leave employers with no cohesion, no unified voice to suppliers and government, and would deprive them of the single organisation capable and willing to help them through the difficult times ahead.

**4. Dissolve the NIC** - this has the following implications:

(a) There is a possibility that the Industry could revert to chaos - but this is unlikely with a strong Federation providing a forum for communication and co-ordination and perhaps a Code of Ethics (similar in concept to the Standard Conditions) for members. This will not stop unethical conduct by some printers but it must be remembered that the NIC has by and large also failed to prevent this kind of conduct.

(b) NIC Benefit Funds will either be liquidated or transferred to new funds. This is an opportunity for the Federation to extend and improve the range of services it offers to members. (Of course there is no way of forcing all companies to participate.)

(c) PPWAWU's progress or organising our industry (particularly the smaller employers) will be slowed down - they do not have the manpower or the financial resources to organise the majority of small printers without joining the NIC.

(d) SATU will demand plant level recognition agreements - we can expect them to include existing working rules in these agreements and this is likely to entrench the 'status quo' in the industry ( a further counter to (a) above).

(e) The Federation will in all likelihood have to change its objectives and its constitution to exclude the right of duty to negotiate with employees on behalf of its members. This will protect member companies from being forced back into national negotiations at some future date.

(f) The federation will extend its services to members to provide a comprehensive IR training and information service (Negotiation skills courses, Wage surveys by area, sector and size of company etc). The release from the current NIC workload will allow Chambers and the Federation the necessary time to improve services to members.

(g) Some employers might leave the Federation.

**5. Use S.51(A) of the LRA on a regional basis to enter Recognition Agreements with SATU and then apply to the Minister of Manpower to promulgate these agreements** - this is a possibility which has not been fully explored in South Africa yet. One thing is certain - the Federation and Chambers cannot and should not negotiate on behalf of members if this route is followed because we could then have regional Industrial Councils and face the same threat as we do currently. Employers can be assisted by Chambers, but they would have to elect their own negotiating team and spokesmen. In order to protect members (and the Federation) we would have to amend our Constitution to exclude the right or duty to negotiate with employees on behalf of our members. ☆