

Public sector

from showdown to partnership?

Imagine public service delivery in the next five years. Accelerated service delivery is the result of a series of agreements between the unions and the state. The agreements are based on the resolutions of the Public Sector Job Summit. The resolutions establish shared positions for the unions and the state. Public sector workers are increasingly capable and committed, and delivery is improving.

Achieving this vision is necessary for a country striving towards good governance and improved service delivery. Stability in the public service is one indicator of good governance. More importantly, public institutions that are responsive and effective are able to meet the development challenges facing South Africa. Equally, bargaining agreements have the potential to catalyse wider reforms in the public service. Recent agreements on upgrades for prosecutors and appraisal systems for teachers show how bargaining can play a role in improving service delivery. Therefore, a partnership between labour and the state is central to meeting South Africa's developmental challenges.

Because public sector bargaining is so important, we need to learn from the experience of the 1999/2000 public sector dispute. This article assesses the prospects for bargaining in the public service. To this end, it explores the different approaches to public sector transformation. This is followed by an assessment of causes of

Ebrahim-Khalil Hassen analyses the reasons underlying the 1999 public sector strike and argues that the unions and government need to develop a partnership to ensure transformation and improved delivery.

and lessons to be learned from the 1999/2000 dispute. The article concludes by outlining the key challenges facing labour.

Differing conceptions

Government's approach

Proposals for a partnership between labour and government must overcome the wide differences in their respective approaches to public sector transformation. On the one hand, government proposals increasingly call for decentralised bargaining, alternative service delivery, and wage containment. The vision guiding these calls is of a 'high skilled, high wage' public service. The implications of this approach are retrenchments at lower employment levels (for example, catering, cleaning) and increased outsourcing.

Evidence of this approach to public sector transformation is found in government officials arguing that 'more money for wages, means less for service delivery'. They are suggesting that wages are stripping away spending on medical supplies, textbooks and other items and thus decreasing service delivery. Yet, recent government reports indicate that over 60% of the public service are directly employed as service providers (for example teachers, nurses and the police). At the same time, government reports indicate that reducing the wage bill will be extremely difficult because the state wants to employ greater numbers of high-skilled people. The trade-off between wages and service delivery cannot therefore provide the basis for restructuring the public service.

Another significant aspect of the state's approach has been to separate out issues for bargaining and issues for implementation. It seems that government will discuss bargaining issues at the bargaining council, but will unilaterally implement issues it considers to be for implementation. It is not clear how government will decide what issues are for bargaining and what issues are for implementation. The motivation for this approach is that government must govern and act in the wider interest of society. However, it is not in the interests of society or coherent strategy for government to entrench unilateral action.

Labour's approach

Actors in civil society and some people in government are proposing wider outcomes for public sector reforms. These wider outcomes seek to link bargaining to a wider reform agenda. In this approach, wage determination seeks to reinforce a public service ethos of commitment and innovation. Unions are increasingly locating proposals within this paradigm.

For example, establishing a link between wages, grading and training could lead to public servants becoming increasingly skilled and productive over time. An agreement on determining a right size for the public service indicates labour's commitment to wider goals in transforming the public service.

The union movement has the challenge to develop proposals that promote transformation and meet their members' interests. In practice, this means labour developing greater policy capacity. The success of this approach could also counter accusations that unions constitute a selfish interest group. Moreover, this approach to public sector transformation could speed-up public sector reforms.

Causes of the dispute

The union's and government's different views of what should happen in the public sector are reflected in the 1999/2000 public sector dispute. To understand what happened in the dispute, four key factors must be taken into account.

First, the state had adopted an increasingly adversarial approach to negotiations. For example, it announced wage increases during the budget without an agreement in the bargaining council. A more dramatic example was the minister's unilateral implementation of the wage increases despite a dispute having been declared by the unions. Unions interpret these actions as threatening collective bargaining processes. It triggered greater militancy in the union movement and workers in 12 public sector unions resorted to mass action. Under these circumstances, the possibility of reaching an agreement receded.

Second, the state tried to demonstrate authority rather than engage on the proposals the unions had tabled. For instance, the unilateral implementation of

wage increases was an overreaction. Before government announced the unilateral wage increases, the union and state negotiators put forward several proposals to resolve the wage dispute. Some of these proposals included changes to the promotion system or reducing the state's contribution to their employees' pension fund. The minister's decision to implement the increases unilaterally, shows that the government was not really seeking a solution to the dispute with labour. It chose instead to demonstrate its authority.

Ironically, the unilateral implementation effectively cost the state more than it would have cost if a saving mechanism had been agreed to. The state revision of its offer to 6,3% was always contingent on scrapping the promotions system. The savings from the promotions system would have been used to fund the shortfall in the amount originally budgeted for wages. Yet, the state implemented its revised offer without a savings mechanism. This shows that additional resources were available to reach a settlement, as increases were implemented without any savings occurring. Implicit in this experience is that a settlement on these issues could have been achieved.

Third, both the unions and the state overestimated their relative bargaining positions. For instance, the state argued that increasing wages would cut into resources for service delivery. The purpose of suggesting this was to woo community support. An impression was created within the state that public opinion was swinging behind it. The reality was different. The unions and the state had both won key parts of community support, but neither had won the decisive block needed to drive through proposals. Likewise, the success of industrial action made the unions complacent.

Despite the success of the industrial

action, it was not a sustainable strategy because matric exams were approaching. Continued mass action would have resulted in declining public support for the unions. Having overestimated their respective bargaining strength, neither the unions nor the state was able to achieve a decisive victory.

Fourth, the dispute also reflects changes in the state's mandate. The democratic state's initial goal was to remove discrimination from the previous regime; narrow wages gaps and introduce affirmative action in the public service. Today, the state's mandate is increasingly complex. For instance, the state is increasingly arguing that reducing wage gaps must be balanced with retaining skilled staff. Government is also increasingly arguing that the unions need to make choices between wage increases and protecting employment. The driving forces behind this change are the straightjacket of fiscal discipline and the state's commitment to reducing its role in 'non-core' areas.

Lessons

The central lesson from the dispute is that stable labour relations in the public service is necessary for good governance. Continued strife has delayed negotiations on the wage policy and the skills and service audits. Instead, the dispute has increased the prospects for unstable labour relations and delays in implementing reforms. This means that more accountable, responsive and effective public sector institutions will take longer to emerge.

Equally important, is that the state cannot undertake unilateral actions while attempting to speed-up reforms. The arbitration process, while only covering essential workers, provides legal and procedural limitations on the state. Simply stated, unilateral action on any matter



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where a dispute has occurred can be taken to arbitration. However, it has been five months since government unilaterally implemented the wage increases, and the matter has still not been finalised in arbitration. Continued arbitration processes will hamper the implementation of public sector reforms. The proliferation of arbitration processes in the public sector is a strong possibility, if a partnership approach is not established between the unions and the state.

Another priority must be removing the separation between the budget and bargaining processes. The current dispute shows that government's attempt to rank parliamentary decisions above collective bargaining decisions has not worked. Parliament and the bargaining council have a mutual responsibility to ensure good governance. For Parliament, this must mean exercising its constitutional responsibility to assess and, if necessary, amend budgets. The bargaining process must inform the budget process and

promote reforms in the public service. The challenge is to ensure that the budgetary processes and collective bargaining processes feed into each other so that stability and predictability is achieved.

Looking ahead

The central question that needs to be addressed in the short-term is: how can we shift the bargaining process towards a partnership approach? The answer lies in government and unions negotiating a remuneration policy and implementing resolutions from the skills and service delivery audit. However, both parties need to revisit their respective negotiating stances if they are going to build a partnership approach. They could reach substantive agreements in the bargaining process if a commitment to co-determination and improved service delivery guide negotiations.

Partnership, or co-determination, has both principled and more practical motivations. On the one hand, the state has consistently

called for a 'deepening of democracy'. Processes that allow for the greater participation of workers will develop more inclusive processes, and could even initiate public sector reforms. On the other hand, labour and government both have substantial organising and mobilising strengths. Inherent in these strengths is the ability of both parties to adopt strident positions. However, such approaches will undermine attempts to transform service delivery. A commitment to working together is thus a necessity.

A partnership approach is however not a foregone conclusion. For example, recent reports from government have called for the decentralisation of bargaining to provinces. The proposal has negative consequences for labour in that its bargaining power will be fragmented. At the same time, it will lead to richer provinces being able to attract the best available talent, at the expense of poorer provinces who will not be able to match salaries in other provinces.

If government presents this proposal, unions will probably declare a dispute. This would mean that negotiations on a wider package of reforms would once again be delayed. Parties should consequently be tabling proposals that do not heighten conflict, and have little prospect of being agreed to.

Another possible stumbling block relates to determining a 'right size'. The current union and state agreement to conduct audits provides an effective mechanism to determine a right size in the public service. Proposals to revisit this agreement or to establish a different process will result in current work being worthless. If bargaining is to continue and be successful, it is necessary to implement agreements that have already been reached. Implementation of agreements will demonstrate good faith negotiations.

Potentially, the biggest obstacle to

developing a partnership approach is the state's negotiating strategy. One reading of the state's negotiation strategy is that it aims to force the unions into a trade-off between wage increases and protecting employment. Another reading is that the state will adopt an increasingly consultative strategy that aims not merely to erode workers' gains, but to search for measures which craft a sustainable and workable approach to public sector transformation. The choices that the state makes in this regard will indicate the possibilities of a partnership developing.

Equally, the unions cannot merely respond to the government's policy proposals. The time to move beyond mere assertion of 'social unionism' is at hand. The unions need to be more proactive in developing proposals and assessing their impact on society. In doing this, the unions must meet the interests of members while also meeting the challenges of a nation aspiring to accelerate change.

Conclusion

Agreements on the restructuring of the public service could provide the foundation for rapid and consistent improvements in service delivery. Reaching this goal requires the unions and government to engage around proposals for wage setting and ideas for transformation. The proposal for a job summit in the public sector could initiate these discussions. The job summit should, however, have a wider focus than merely discussing alternative service delivery mechanisms. The job summit, together with other processes, could create a partnership approach between the unions and government. The alternative is a repeat of the 1999/2000 dispute. ★

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