'We must be doing the right thing'

Tanya van Meelis interviews Makgane Thobejane, labour relations specialist for the Greater Johannesburg Metropolitan Council.

***Bulletin:** You have a long history as a leader in the union movement and had been general secretary of NEHAWU for a number of years Why did you decide to leave NEHAWU and work for the Greater Johannesburg Metropolitan Council?*

Thobejane: I stood down from my position as general secretary of NEHAWU in April 1998. I had been in a leadership position in the union since the 1992 congress (I had been a NEHAWU Johannesburg branch organiser since October 1988) I was elected assistant general secretary at the 1992 congress and in 1994 I was elected general secretary.

When I was in NEHAWU, our analysis was that NEHAWU had gone through a rough time with the transition. We realigned and agreed that we had put sufficient policy and machinery in place to ensure that the union would be able to tackle the future. We also decided that the union then needed a different rhythm in leadership to focus on implementation. So I agreed to step down - I had been there a long time and may have been obstructive when the organisation needed to start moving in a new direction.

One condition of my stepping down was that I *remained in the organisation*. The union then deployed me fulltime into the public service negotiations. The second area of work for me was policy development and research - I focused on our own employees working for the legislature.

I was completing these projects when NEHAWU was approached regarding transformation in local government and asked to assist. The union discussed it and decided that I should consider assisting. We touched base with our comrades in SAMWU. They said it was our choice, but they would not object. So in March 1999, following my application being successful, NEHAWU decided to release me.

I went to the Greater Johannesburg Metropolitan Council with two main objectives. The first was to transform the public sector - I could help on this because I understood the overall transformation agenda of the public sector, which included local government and the unions. The second objective was to bring a person with the skills and expertise in labour relations to the team that was being put together in Johannesburg I also wanted to keep touch with NEHAWU so that we could deal with issues in a dynamic way. I signed a two-year contract with the council.

Bulletin: Have you retained your links to NEHAWU?

Thobejane: Yes I'm still on the NEHAWU board of trustees for the national provident fund Because of my ex-officio position, I still attend the NEHAWU central executive committee and national executive committee to engage on issues, depending on my schedule allowing I go there with no constituency and no mandate. I attend other events such as the recent political school I also relate to the Gauteng provincial structures, for example, we relate closely on the health restructuring, which will culminate on the transfer of 3 000 provincial employees to local government We have an open door relationship, and it keeps my conscience clear.

Bulletin: What do you see as your role in your position now?

Thobejane: I have to ensure that the transformation process in Johannesburg is sensitive to labour legislation broadly We know that we are setting the trend for local government. Unfortunately, what we are doing is new, so people will learn from our testing ground. We will make mistakes but people will be able to learn from us and this will expedite similar processes in the future. We are also testing labour law in local authorities.

I have always said and still believe that labour relations in the public sector is ten years behind the private sector in terms of sophistication and being able to deal with issues in concrete terms. It is thus very challenging to be working here and setting new trends in labour relations.

Bulletin: You are one member of the four-person management team for the Greater Johannesburg Metropolitan Council How was the team put together?

Thobejane: In 1996, the MEC established a committee of ten to find ways to deal with the financial crisis facing Johannesburg The MEC also instructed that Johannesburg prioritise eight projects Metro Gas, Rand Airport, Fleet, IT, Emergency Management Services, Fresh Produce Market, Power Generation and Bus and introduce sustainable service delivery mechanisms including public-private partnerships The committee of ten later became a committee of 15 and today is known as the Transformation Lekgotla The committee appointed consultants to do a diagnostic study The study found that Johannesburg was facing serious financial and institutional problems

At the end of 1988, the Transformation Lekgotla decided to appoint a dedicated management team to drive its transformation agenda To this effect they identified a need for a city manager, transformation manager, chief finance officer and labour relations specialist So the Council employed Ketso Gordhan, Pascal Moloi, Roland Hunter and myself respectively The team together with existing management capacity makes up a dynamic combination

We all signed a performance contract together because our functions are inter-related We knew that it was not going to be easy. If it means going against the tide we will and have done so already We say that the proof of the plan will be in the eating

We said that you can't expect the team to work under the same constraints, and as such were given flexibility and latitude This was agreed to by all the political parties Our mandate is to the 3,4 million residents of the city However, it doesn't mean that we have given up our political allegiances It just means that we must be professional and deliver, meet our targets and be given performance bonus incentives.

***Bulletin:* What were the financial and institutional problems facing Johannesburg?**

Thobejane: The financial difficulties facing the city are very deep-rooted. And by the way, they did not originate only from decisions taken after 1985. There were many decisions dating from the early 1990s, and even before, which contributed to the position we are now in.

Some of the financial problems included: we persistently overspent (operating expenditure exceeded operating income); we embarked upon an ambitious capital programme without having secured the necessary funding; we failed to collect revenues, and to make adequate budgetary provision for under-collection; and we were consistently in overdraft, which was very expensive (we spent R150-million in 18 months just on the interest on our overdraft. This money clearly should have been used for service delivery).

The city then had to put in an extensive range of belt tightening measures, to ensure financial survival. The net result has been a decline in service delivery and service quality, a failure to maintain assets such as roads, power networks and the water system. Because we could not maintain these assets, we saw water bursts, power breakdowns, potholes and various other problems.

Regarding institutional problems – we have five separate councils acting as five different legal entities and administrations. They operate independently and this results in duplication, fragmentation and competition. For example, if you had to ask who was in charge of water, 40 people would stand up. There was thus a need for cohesion and consistency.

***Bulletin:* What was the management team's analysis of the problem?**

Thobejane: We said there was no such thing as lazy workers, you have a lack of management capacity. The council had an R8-billion budget with no chartered accountant. This reflects the entire culture in the South African public sector – the idea that if you are a good teacher you will be a good principle etc. Now this does not say anything about those people's skills, they are skilled. But you need management skills to manage.

We then went further and said that you don't have bad management, you have bad institutions. If you look at the history of local government you know that local government was to serve certain political objectives. There was no scientific design of local government to ensure that services would work. Different local authorities had different self-sufficiency rates and spending patterns. For example, white local authorities spent R3 000 per person and were self-sufficient while black local authorities spent R500 per person and were not self-sufficient. You also have got people from the 11 different authorities earning different salaries for the same work – in some cases R2 000 apart. It was set to fail. We then said that you can't blame the institutions – there was no strategy. But we have a choice, and we have developed a short-term plan and a long-term plan as part of our strategy.

***Bulletin:* What strategy have you put in place?**

Thobejane: The initial iGoli document was set out on 16 March 1999. It said that we must address the urgent financial and institutional challenges within three years and put a longer-term coherent strategy in place – this long-term process is called iGoli 2010 For the short term we have to turn Johannesburg around and wipe out its debt. Investment in infrastructure has been declining. We said that we must at least maintain what we have now and then link it to the long-term strategy to develop it.

On the institutional side we are using the next local government elections to collapse the five councils into one unicity to build a new institution We also need to get rid of non-core activities. We are engaging with workers in a very innovative way to restructure where workers are trained and come up with ideas on how to transform into the unicity.

***Bulletin:* Part of the iGoli plan involves setting up agencies and corporatising. These bodies will be run by a CEO and board of directors. What is your motivation for this?**

Thobejane: The council engages in two types of activities – trading (for example, water and electricity sales) and social services which we are constitutionally obliged to render. These activities need to be managed effectively.

We said we need to establish entities that are 100% owned by us and we need to attract good management to these entities We also needed to achieve flexibility for the management we attract. Local government legislation takes away flexibility for management. For example, there is a tender requirement for everything over R20 000 (now changed to R120 000). This does not work well in a large municipalities. For example, it can take five weeks to tender for something over R20 000 and can cost R100 000 to go through the tender process. R20 000 is also a very small amount when you look at large services such as water and electricity, which are R2-billion businesses.

There is also a situation where the politicians blame the managers and the managers blame the politicians and no one takes responsibility. We want to be able to hold managers accountable. The legislation covers big and small local authorities at the same time. It may make sense to have the legislation for a small local authority, but it does not work for a larger institution such as Johannesburg

We wanted to shift risk and operations to the managers and boards. The politicians will continue to play a political role – make policy and measure performance. But we must leave the operations to managers. Simply put: separate referee from player; policy from operations; define the role of government as service authority and our companies as service providers. Sixty per cent of current council operations will be provided through ten companies we are establishing.

***Bulletin:* Why did you decide to privatise Rand Airport, Metro Gas and the Johannesburg Stadium?**

Thobejane: Rand Airport ran at a loss and relied on subsidies from the council (located in Germiston). Business people are using the airport. We thought it was not justifiable on ANC policy and mandate to subside those who can afford – simply put, we used money from Soweto and Alexandra to subsidise businesses. So we sold it from 1 June 2000 to a consortium of operators from Rand Airport and the Germiston Council. Fifty-eight staff were affected. We ensured that they had a two year employment guarantee in the sale agreement and that they will be trained and developed by the new company. I have no conscience problem on the sale of the airport and our agreement: more importantly we utilised section 197 of the LRA to ensure that salaries and benefits of the employees remain intact and secured.

Looking at Metro Gas, three years ago there were 22 000 residential gas users in Johannesburg This declined to 12 000. So the trend is declining use in residential areas. There are 5 000 industrial users. A study on Metro Gas showed that we needed to spend R50-million to rebuild it. With Johannesburg's financial problems, this was not a priority. We knew that if we did not do anything it would close in two years. We are also the only local authority in the country in the gas business and users can convert to electricity. Those are the main reasons for the privatisation.

Cynergy (an international company) offered us R120-million, will invest R30-million immediately and will go into partnership with a black empowerment group operating in the energy sector. We have ensured that the sale agreement includes a guarantee of no retrenchment for the 112 workers. I have no qualms about that deal – we got a go ahead from the Competition Commission and the transfer is due on 18 August 2000. Again we used section 197 of the LRA.

There are no staff implications for the Johannesburg Stadium. The Council spent R97-million, and then ended up spending additional R40-million on the stadium. Our liability today totals R160-million, as a result of the R13-million we loose a year due to operating through a section 21 company established at the stadium It is an open secret that the previous government utilised resources available before the democratic breakthrough on toys for boys, and the stadium was just one amongst others. Kaizer Chiefs is the only bidder, and we are currently engaged in negotiations. Remember also that it is not a recreational facility for the community such as Dobsonville Stadium. So there is a difference.

***Bulletin:* You will also be outsourcing functions. Can you explain why?**

Thobejane: We are outsourcing our fleet (with 490 staff) and IT (with 120 staff). We will be negotiating over the next 90 days with IBM and Superfleet who are preferred bidders respectively. Part of the outsourcing agreement is that staff are transferred to those companies and will have a three-year guarantee against retrenchment. We used section 197 of the LRA for this. This agreement shows that outsourcing is about running businesses better, not job losses. We were able to use our leverage as government to ensure that staff are not retrenched and said 'you play by our rules if you want our business'.

The way we have used section 197 stands as a lesson to both the public and private sectors. It's all about protecting and defending jobs The two partners will inherit our salaries and benefits, including the collective agreements. With Johannesburg being amongst the top three highest paying employers in the country, with a minimum of R2 600 whilst the national local government minimum stands at R1 600, the deal represents a watershed in labour relations in South Africa.

We are in the process of appointing a senior management team as intelligence for ourselves to build our internal capacity to avoid a rip-off

Bulletin:* *What other things will you be working on until your contract ends?

Thobejane: By the end of this year we want to have sorted out the institutions. Next year we will put systems into place. I'm developing the 'iGoli manager'. At the moment morale is low. No one says thanks and people are not motivated to work hard. There are 27 600 people working here and there are no rules, practices or systems. This needs to be overhauled. There is also the discrepancies in pay for the same job, and this must be addressed. Another concern is that we employ 2 700 casuals – many have been employed for over three years. This is illegal, and they have no benefits. I want to ensure that we put them on the national minimum wage, which is R1 600 from July this year. We also have to develop a coherent skills strategy where we look at the skills gaps, cost of developing skills etc. Local government has had an inward looking culture, but we need people to look beyond themselves and management, and look at whom they are serving We also need to transform management.

Bulletin:* *The unions have been vocal in their opposition to iGoli. What is your understanding of this?

Thobejane: It's been a fascinating experience dealing with workers and the unions in this process We have had road shows on corporatisation and changing the institution, where we have spoken to workers about what we are doing. Workers don't want to know about the institution, they want to know about themselves They want to know about their jobs, pensions etc. The main objections to the plan are coming from the union leadership. We could say let's forget about the union and talk to employees instead. But, we don't see the union and the workers as separate – they are the same. Instead, we say, the workers have chosen SAMWU and IMATU to lead and we will continue to engage with them. Johannesburg is 92% unionised.

We held an iGoli summit in August 1999. Representatives of all the city's stakeholders established an iGoli 2010 transformation partnership which meets monthly to advise the Transformation Lekgotla. The unions are the last stakeholder we need to bring to the partnership. The transformation of the public sector is directed at a better life for the 3,4 million Johannesburgers, and indeed the needs of our people are very clear to me. It is important to separate such policy choices from the labour relations challenges. Indeed, labour occupies two types of stakeholder role – at the broader level as part of the 3,4 million people, and also as a 17 000 strong SAMWU and 7 000 strong IMATU. The next iGoli summit will be held in October 2000 to look into the details of our 2010 strategy.

To date, we have engaged unions in five phases. Phase 1 being the pre-negotiations before the plan was finalised; Phase 2 being formal negotiations from May to September 1999, Phase 3 being mediation through Charles Nupen and Gavin Hartford from November 1999 to January 2000; Phase 4 being political mediation facilitated by the secretary general of the ANC from February 2000 until signing of political understandings agreement on 5 July 2000; and finally Phase 5 being facilitatation by Paul Pretorius from 14 July to 4 August 2000 To summarise, agreement has to date been reached on labour relations matters and socio economic issues. The area of disagreement remains the service delivery forms, in particular using the Companies Act.

The major concern of the unions is ideological – using the Companies Act as a medium for service delivery is at the core of the disagreement. The report of Paul Pretorius explained that negotiations on the service delivery forms have now been exhausted.

As to why there is still a problem in using the Companies Act to establish companies which are 100% owned by Council – simply confuses me as a person, and is disappointing even for what I believe in and stand for as a matter of principle.

We have further undertaken that the privatisation and outsourcing we undertook to date, which represents less than 3%, is the last – a guarantee of no privatisation.

We have offered the unions working arrangements which include their nominating people to serve on the boards of directors, in the stakeholder forums to be established for each of the ten companies we are establishing, and to be part of the shareholders committee envisaged. We have agreed that the shareholder will remain responsible for the tariff, policy development and regulation role. We have also agreed to the principle of cross subsidisation. These will protect the interests of the poor and marginalised sections of our residents. We will protect the labour floor in terms of achievements and victories won over years in local government – the workers of the ten companies we own will remain within the local government bargaining sector, etc.

Our commitment to our employees and to the people of Johannesburg is beyond doubt, and no amount of 18-month debates and engagement on our transformation will lessen this. However, the window of opportunity presented by this has not yet being appreciated.

We will continue engaging the unions because they are an important stakeholder, and will do so until they join the iGoli partnership.

Generic debates that we should get the national finance department to give us money that will resolve our problems in Johannesburg is wishful thinking. But we have applied for R550-million from the Department of Finance for which we are currently negotiating conditions. The grant from the Department of Finance will be conditional on our implementing the iGoli 2002 over a three-year period. It is the right philosophy for the Department of Finance not to give money to problems, but to give money towards solutions like the iGoli 2002 plan. The fact that iGoli has been debated so much in the country, demonstrates its centrality, its leadership for local government transformation, and indeed that we must be doing the right thing. ★