

# **The LRS Report**

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## **Bargaining Indicators for 2004**

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**Volume 9**

**April 2004**

*“Knowledge is too important to be left in the hands of the bosses.”*



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## Executive Summary

*Bargaining Indicators* is an annual publication of the Labour Research Service (LRS), which provides trade union negotiators with economic indicators useful for collective bargaining, especially for developing a bargaining strategy for the year ahead. This is the ninth volume of *Bargaining Indicators*, having been published since 1996, and contains papers that were presented by the LRS at the annual **Trade Union Negotiators' Conference** held in March this year.

The form of *Bargaining Indicators* has changed as those who are familiar with previous volumes of *Bargaining Indicators* would readily notice. It has become much smaller by excluding certain sections, namely, **Industry Outlook**, which reviewed approximately ten sectors and **Key Social Benchmarks**, which reviewed training, corporate social spending and employment equity in selected companies. The reason for this change is the questionable usefulness of these reports in developing a bargaining strategy. By excluding these sections, the costs of *Bargaining Indicators* have been reduced to make it affordable for unions to provide it to most of their negotiators. The section on **Labour Market Issues**, although excluded in this volume, will remain a feature of future volumes and will continue to reflect on developments within the labour market and labour movement to enhance trade unions' ability to develop bargaining strategies.

This volume of *Bargaining Indicators* contains three reports: the **Economic Review**, the **Wage Review** and the **Directors' Fees Survey**. All these reports reflect on developments in the past year, as they normally do, but also on the past ten years. The reason being that after ten years of the new political dispensation in South Africa many are asking the question: what has ten years of democracy meant for workers' living and working conditions?

The **Economic Review** points out that the economy in the past ten years has been in a much better position than it was during the previous ten years. However, it continues to show signs of weakness such as; the inability to create jobs, low wages for the majority of workers and sluggish economic growth rates. Workers also experience the intensification of their workload while being threatened with retrenchment. Employment in the informal economy is therefore, not surprisingly, on the rise. The report also raises the concern that companies will, given the decline in profits over the past year, pass on their losses to consumers through higher prices and to workers through retrenchments and workplace restructuring. The need for alliances among unions, as well as between unions, organisations of workers in the informal economy and community organisations is crucial to prevent companies from putting profits before people.

The **Wage Review** highlights low pay in South Africa through focusing on minimum wages. It shows that the percentage increase of average minimum wages since 1994 has fluctuated – in some years increasing by more than inflation, while in others by less. The average minimum wage in 2003 as negotiated by trade unions was R2090 per month, a 10.92% increase from 2002. In real terms, discounting inflation (CPI-X), those earning minimum wages only received on average a 4.12%. In Rand terms those earning the minimum wage received on average a R200 per month increase.

The **Directors' Fees Survey** shows that since 1994 executive directors have had average annual increases of 29%, while workers average annual increases was 6.5%. The report rejects commonly accepted arguments used by companies to justify the millions paid to directors while workers receive a pittance and shows that there is no correlation between company performance and directors' pay increases. The report finds it socially unjustifiable that on average a worker has to work over a hundred years to earn what a director earns in just one year.

### ***Acknowledgements***

*Bargaining Indicators* is very much a collective piece of work drawing on different staff at the LRS. The writers of the reports were Saliem Patel for the **Economic Review**, Beaula Bethanie-Dicks and Trenton Elsley for the **Wage Review**, Riedwaan Baboo for the **Directors' Fees Survey**. George Mthethwa (LRS database administrator) assisted with data gathering for the **Wage Review**, Nokuthula Mankunu (LRS librarian) assisted with obtaining resources from the library, and Sahra Ryklief (LRS director), assisted with the overall content and focus of the reports.

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**Economic Review**

## ***Introduction***

*“These masses, essentially, but not exclusively, the poor of our country, invariably speak well of the improvements to the quality of their lives that have occurred during the last ten years. They talk about the increased access to better housing, water, electricity, roads, land, school meals and social grants.”*

**T Mbeki:** State of the Nation Address at the opening of Parliament. 6 February 2004.

*“South Africa’s unemployment problem exhibits many of the characteristics associated with the low social infrastructure investment trap. Policies that may address this problem include increased taxes and borrowing to finance expanded social infrastructure investment, higher wages for the working poor, and restructuring industrial policy towards more labour-intensive production.”*

**Michael Samson:** Economic Policy Research Institute and Williams College. 2000.

*“The general direction that we took was the correct one. Economic policies have in fact been slanted in favour of big business and at times they got away with murder...The professional middle and working class, the unemployed and small and medium enterprises have patiently endured the hegemony of big business influence during the past decade.”*

**Kevin Wakeford:** Managing Director of Growth Africa. Business Day. 26 February 2004.

In this 10<sup>th</sup> year after the election of a non-racial government in South Africa citizens, and especially working class men and women, are attempting to take stock of the last decade. A crucial question being posed is whether the new political dispensation brought any economic gains. There is no shortage of answers especially since this is an election year. Because of the elections, many responses to the question are not just politically motivated, but motivated by specific objectives of parties contesting the national election in April.

But what constitutes economic gain is debatable and is definitely political. The dominant economic paradigm prefers to look at indicators measuring economic growth, imports and exports, foreign direct investments, savings, productivity, labour cost, company profits, money supply, as well as interest, inflation and foreign exchange rates. But these indicators tell us very little about improvements in the lives of people, especially the vast majority of whom are poor working class people. Using these indicators exclusively is to remain under the “hegemony of big business”, to use Kevin Wakeford’s words cited above, even if it goes with the refrain that good performance will result in a trickle down to the poor.



Indeed if we use these indicators, the past 10 years show a dramatic improvement from the previous decade. Gelb (1991: 1) states that the problems of the 1980s “make a long and depressing list”. He sites the main ones as being:

- Stagnation in output growth
- Inflation entrenched at over 13%
- A weak and weakening Rand
- A permanent decline in foreign exchange reserves
- Historically low personal savings ratios
- Massive and growing unemployment
- Wage increases relative to productivity were too high and relative to purchasing power too low
- Shortages of essential consumer items

As this report shows, much on this list has been improved upon during the past decade – consistent positive growth rates, reduced inflation rates, increase in foreign exchange reserves, inflow of foreign direct investment, and growth in and diversification of trade. Given the bad state of the economy during the 1980s, improvements to the list above may not indicate that the “frontiers of poverty” are being pushed back. Indeed when growth rates were at highs of 7% during the 1960s, poverty was accelerating. While there have been increases in productivity, wages of the majority of the employed remain low, increasing the gap between high earners and low earners. Unemployment continues to grow and constitutes an alarming percentage of the population. According to Samson (2000) this is a problem that is indicative of the low social infrastructure investment trap.

The main problem of relying on these indicators is that they emanate from a political paradigm that is anti-working class. It bandies these indicators around to disarm, confuse and ultimately to prevent other indicators that provide a closer approximation of the economic situation of the poor from emerging and being used to develop policies and strategies of eliminating poverty. An example of this, which any worker can identify with, is that bargaining for a decent wage is virtually impossible given the threat of retrenchments, longer hours of work, reduced benefits and conditions of employment, especially as the informal economy begins to count for an increasing number of workers. Yet, all that the dominant paradigm can spew out is the need for increasing productivity and reducing labour costs to keep inflation down, boost exports and become internationally competitive.

An important development in understanding whether real gains are being made to the lives of people was the Human Development Index, developed in the 1990s.

“This index is a simple summary measure of three dimensions of the human development concept: living a long and healthy life, being educated and having a decent standard of living. Thus it combines measures of life expectancy, school enrolment, literacy and income to allow for a broader view of a country’s development than using income alone.” (**Human Development Report, 2002: 34**)

Improvements have been made to this index both by increasing the reliability of data, as well as by adding supplementary indices to the HDI that include gender and labour

indicators. South Africans are familiar with this approach precisely because it informed the *Reconstruction and Development Programme* (RDP). The RDP talked of “Meeting Basic Needs”:

“The first priority is to begin to meet the basic needs of people - jobs, land, housing, water, electricity, telecommunications, transport, a clean and healthy environment, nutrition, health care and social welfare. In this way we can begin to reconstruct family and community life in our society. In this chapter, achievable programmes are set out for the next five years. These include programmes to redistribute a substantial amount of land to landless people, build over one million houses, provide clean water and sanitation to all, electrify 2.5 million new homes and provide access for all to affordable health care and telecommunications. The success of these programmes is essential if we are to achieve peace and security for all.”

There have been many interpretations and debates of the content of the RDP after the 1994 election, especially when it was translated into policy by the ANC government. Critical evaluations of policies often revealed how the RDP framework was watered down or that it was dropped in favour of a neo-liberal framework. Defenders of government policy continued to claim that the RDP framework and objectives served as the basis of policy formulation. Not entering this fray but reflecting on it confirms that the RDP, in the main, captured the aspirations of South Africans for decent living standards and that these aspirations were neither unreasonable nor unrealizable. It was a framework that, as Nelson Mandela wrote in the preface to the RDP, was:

“...coherent, viable and has widespread support. The RDP was not drawn up by experts - although many, many experts have participated in that process - but by the very people that will be part of its implementation. It is a product of consultation, debate and reflection on what we need and what is possible. For those who have participated in the process it has been invigorating and reaffirmed the belief that the people of our country are indeed its greatest asset.”

The big problem facing South Africans, indeed the entire global South, is that the dominant paradigm encroaches on all facets of life and imposes its manner of measuring success. In this way it sets the limits for what solutions can be found viz., boosting infrastructure investment, higher savings levels, skills development, so called “job-creation”, etc.

While appreciating the limits of these solutions and the entire framework from which they stem, they will be posed in the collective bargaining process. It is, therefore, important for trade union negotiators to understand the indicators that inform this framework. This review, therefore, relies on statistics and reports obtained mainly from official sources, like Stats South Africa, the South African Reserve Bank (SARB), the Department of Trade and Industry (DTI) and the Ministry of Finance, but draws on academic literature as well. It attempts to identify and describe what has happened to the economy in the last decade and specifically during 2003 so that negotiators are *au fait* with them and can engage them meaningfully.

Two worrying conclusions, especially for workers and their families, can be drawn from this review:

1. The economy during the last 10 years has been relatively stable when compared to the 1980s, but has not been transformed in any meaningful manner from the economy inherited from apartheid with regard to; the skewed ownership, the predominance of capital intensive industries in the economy, the distorted

distribution of wealth and the inability to create sufficient jobs. One specific example from this review is that the percentage of national income going to companies has increased steadily during the past 10 years while that of compensation to employees has decreased.

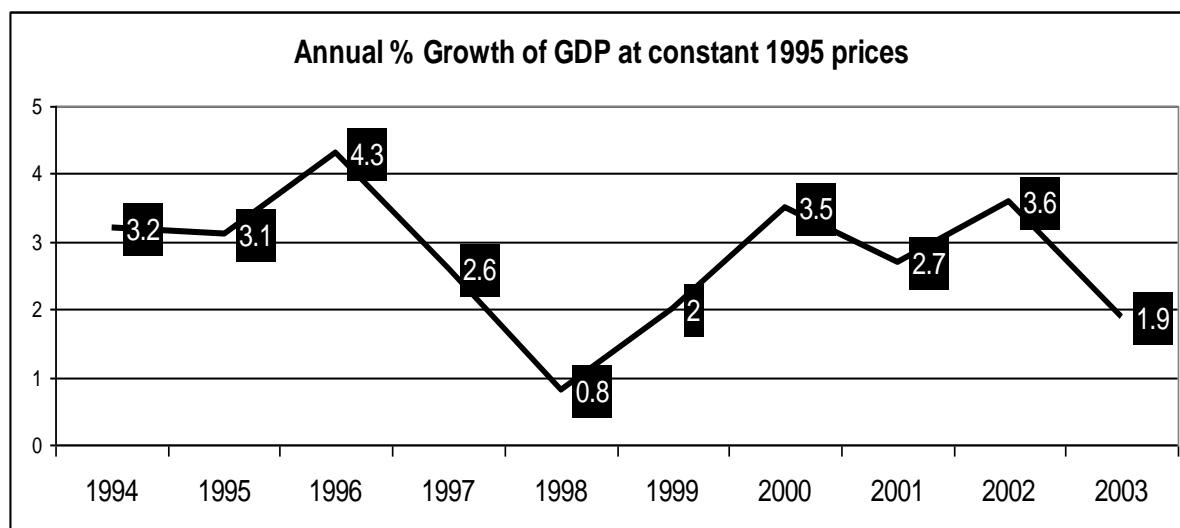
2. Last year companies have generally taken a knock as revealed by the decline in the rate of gross operating surpluses and they will, given their track record, pass this on to their employees and consumers.

These two conclusions are worrying given that unemployment and its continued expansion is acknowledged as a crisis. In this context, even the R15 billion put aside in the national budget over the next 5 years by the Minister of Finance will be insufficient to curb, let alone turn things around. The challenge for trade unions and other social justice organisation is to develop strategies that can prevent corporations from bleeding this country's economy and making the conditions of working class families worse.

### ***Economic Growth***

Economic growth between 1994 and 2003 has been higher than the preceding ten years, but has been sluggish (see figure 1). The growth rate never reached 5% and only reached a high of 4.3% during 1996. Generally it has been way below 6%, which is assumed to be a growth rate required for sustainable development.

**Figure 1: Economic Growth Rate**



*Source: Stats SA: Online Time Series Data*

While GDP in 2002 was 3.6% higher than the preceding year, last year GDP grew by only 1.9%. Although some economists are optimistic that economic growth will improve this year, their optimism is based on external factors, viz., the improvement of the world's major economies and especially the major trading partners of South

Africa; like the EU and the USA. The Ministry of Finance projects a GDP growth rate of 2.9% for 2004 ([www.finance.gov.za](http://www.finance.gov.za)).

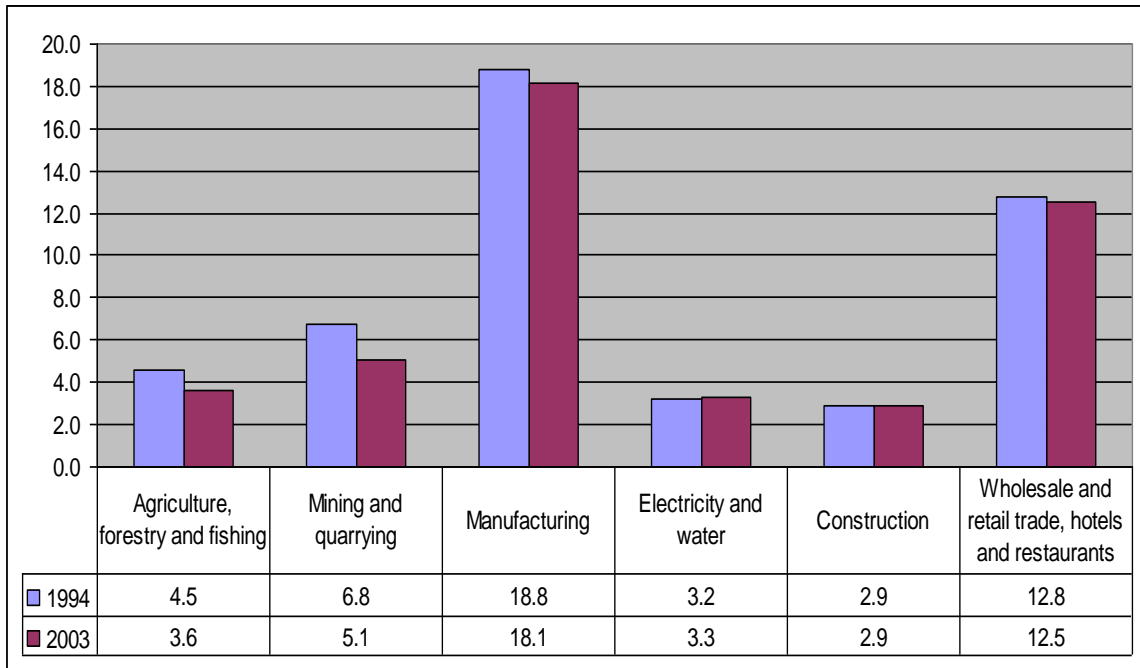
Declines in the first three quarters of 2003 in Agriculture stunted GDP growth and although growth in mining was low in the first quarter, it began to pick up in the second quarter. Manufacturing growth also declined consistently. According to the SARB (December 2003: 5), mining output has increased during 2003 and it appears that this sector, especially non-gold mining, will continue to grow due to the demand for platinum. It also noted that the manufacturing sector, after growing at 5.5% in 2002 slumped in 2003 (Ibid: 6). On the other hand, Electricity and Water; Construction; Transport and Communications, all experienced relatively high growth rates.

Reasons given by economists for the sluggish growth-rate of the economy include:

- The slowdown in the major industrial countries, which are important trading partners of South Africa. The US, UK and the EU are major importers of South African goods and the slowdown in their economies resulted in less demand for imported goods, including South African imports.
- The fluctuation in the exchange rate. In 2002 the value of the Rand depreciated steeply making our goods internationally competitive; however, this caused prices to rise domestically. The currency began to pick up by the end of that year and continued to strengthen throughout 2003 – it is now regarded as “too strong” thereby hurting exports.
- A low rate of savings by households, corporate sector and government.
- A low rate of investment by both the private sector and government.
- The shortage of skills required in a “modern” economy.
- This year bad weather conditions negatively affected agricultural production.

Looking at the percentage contribution of each industry to GDP in 1994 and 2003, there is very little change in the weight of various industries in the economy (see figure 2 below). While Agriculture, Mining and General Government Services dropped slightly, two sectors gained, viz., the Transport and Communication sector and the Finance, Real Estate and Business Services sector. Manufacturing, Electricity and Water, Construction, and Community, Social and Personal Services are four sectors, which had insignificant changes of weight in the economy between 1994 and 2003.

**Figure 2: Weight of Specific Industries in the Economy (1994 & 2003)**

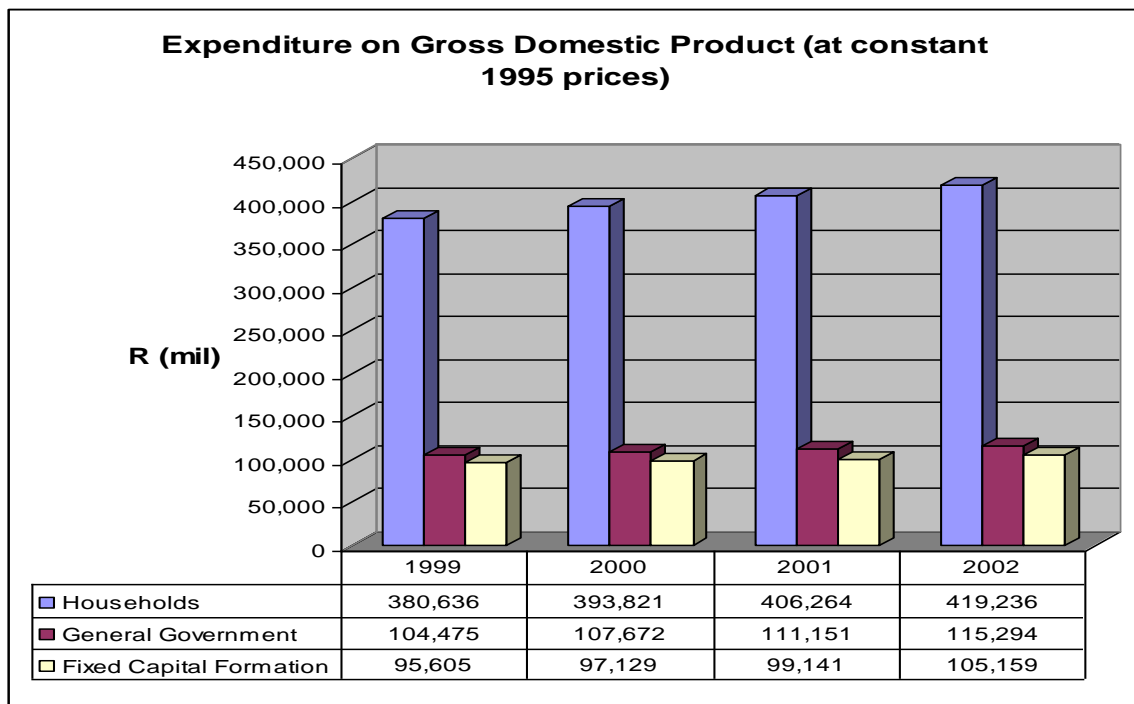


Source: Calculated from Stats SA Online Time Series Data

### Gross Domestic Expenditure and Savings

Household expenditure grew at a rate of about 3% per annum since 1999. The increase in transport, medical and other services has meant that expenditure on these categories have gone up as a percentage of overall household expenditure. Expenditure of General Government and the expenditure on Fixed Capital Formation have also increased by about 3%.

Figure 3: Expenditure on GDP



Source: (SARB December 2003 Quarterly Bulletin: S115)

In the first three quarters of 2003 household expenditure continued to grow at an annualized rate of close to 3%. Spending on clothing and footwear, household textiles and furnishings, and on vehicle parts and accessories grew while spending on medical, recreational, entertainment and educational services declined in the third quarter of 2003 (SARB, December 2003: 9).

However, the increase in household expenditure during the third quarter was underpinned by an increase in household debt, according to the SARB. Household debt rose from 53% of disposable household income in the second quarter to the 53.5% in the third quarter of 2003. This, however, is still almost 10% lower than it was in 1997.

General government spending increased by 4% in 2002 up from 3% in both 2000 and 2001. In 2003 it continued to grow at an annualized rate of about 4% for the first three quarters and maintained the ratio of final general government consumption

expenditure to GDP at 19% in each of the first three quarters of 2003 (SARB, December 2003: 10).

Gross fixed capital formation increased by 6% in 2002, which was higher than the annual percentage increase of 2% for both 2000 and 2001. In 2003 there have also been high increases – annualized rates of 3% for the second quarter and 7% for the third quarter were recorded, making the increase for the first three quarters of 2003 almost 9% higher than in the corresponding period for 2002.

This increase is accounted for mainly by the private sector. The private sector in all industries, except manufacturing, increased outlays on fixed investment. All three levels of government also increased expenditure on infrastructure expansion, but public corporations spending on fixed investment receded (SARB, December 2003: 10).

Savings in South Africa are too low to boost investment to levels required to create sufficient employment and improve infrastructure for communities that were under-resourced during the apartheid era. Savings as a ratio of GDP has fluctuated between 14% and 17% since 1994 but this rate is undermined by high inflation in the sense that the proportion that is saved can buy fewer things as prices go up.

**Table I: Savings/GDP Ratio (1995-2002)**

	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
<b>Savings:GDP ratio at current prices</b>	16.5	16.1	15.1	14.8	15.3	15.1	14.3	16.2

Source: SARB, December 2003: S-154

Savings as a ratio to GDP in the corporate sector rose from 11% in the second quarter of 2003 to 11.5% in the third quarter. This was due mainly to lower interest payments, lower dividend payments and a slow-down in corporate tax payments. Household savings as a ratio to GDP increased from 3% in the second quarter of 2003 to 3.5% in the third quarter due to wage increases. The ratio of general government savings to GDP receded from 2% in the second quarter of 2003 to 1% in the third quarter due to lower tax revenues.

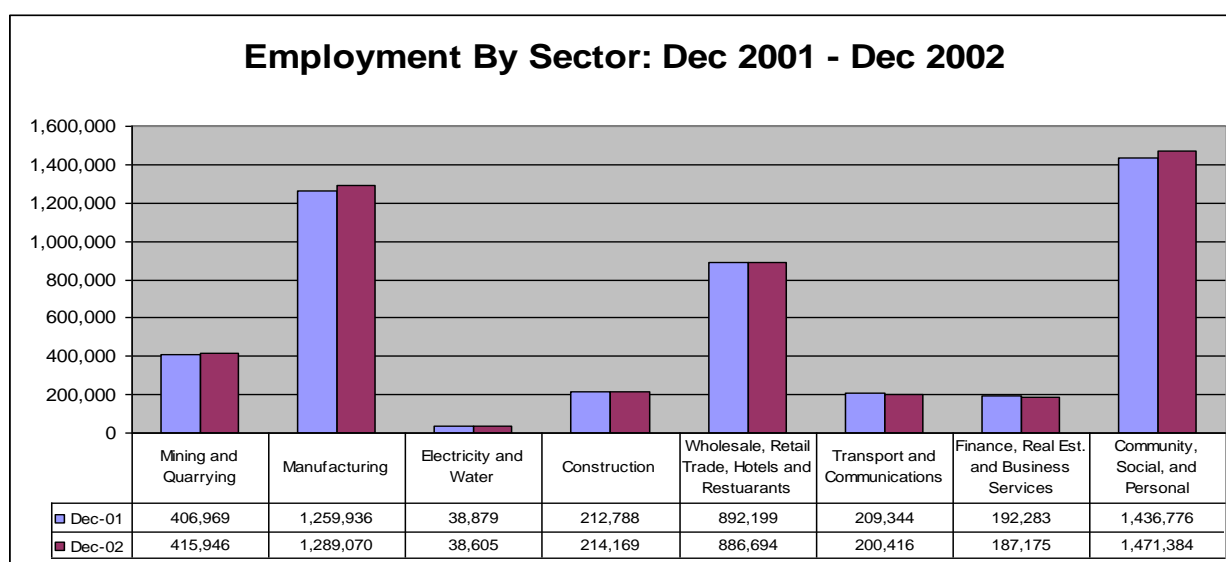
### ***Employment and Remuneration***

According to official figures, South Africa had an economically active population of 16.8 million in March 2003, of which 5.25 million are unemployed. This makes the official unemployment rate 31.2%, which is 1.2% higher than it was in 2002 (SARB, December 2003: 14).

The March 2004 Survey of Employment and Earnings notes that at the end of December 2002 there were 6.517 million employed in the formal non-agricultural sector but this declined to 6.497 million by the end of March 2003. This is a decline of 20 thousand jobs in the first quarter of 2003 or a decline of 0.3%.

Natrass (2003: 142) states that the inability of the South African economy to create jobs “is worthy of being classed as a fundamental and structural problem.” Although high unemployment has roots in the Apartheid economy there has been a high rate of decline in non-agricultural formal employment during the 1990s. This decline can be noted in both the private and the public sectors and in specific industries, like the mining industry, jobs were reduced by almost 50%. Natrass (Ibid: 141) notes that “the net result of these trends between 1990 and 2001 resulted in a decline of non-agricultural formal employment by over 20 per cent. South African non-agricultural employment is now lower than it was 20 years ago.

**Figure 4: Employment in Various Industries (Dec 2001 & Dec 2002)**



Source: Stats SA, Bulletin of Statistics (Dec. 2003)

In the formal non-agricultural sector; employment has not only been declining but the trend is towards a higher percentage of part-time employment.

**Table II: Full Time and Part Time Employment (1999 – 2002)**

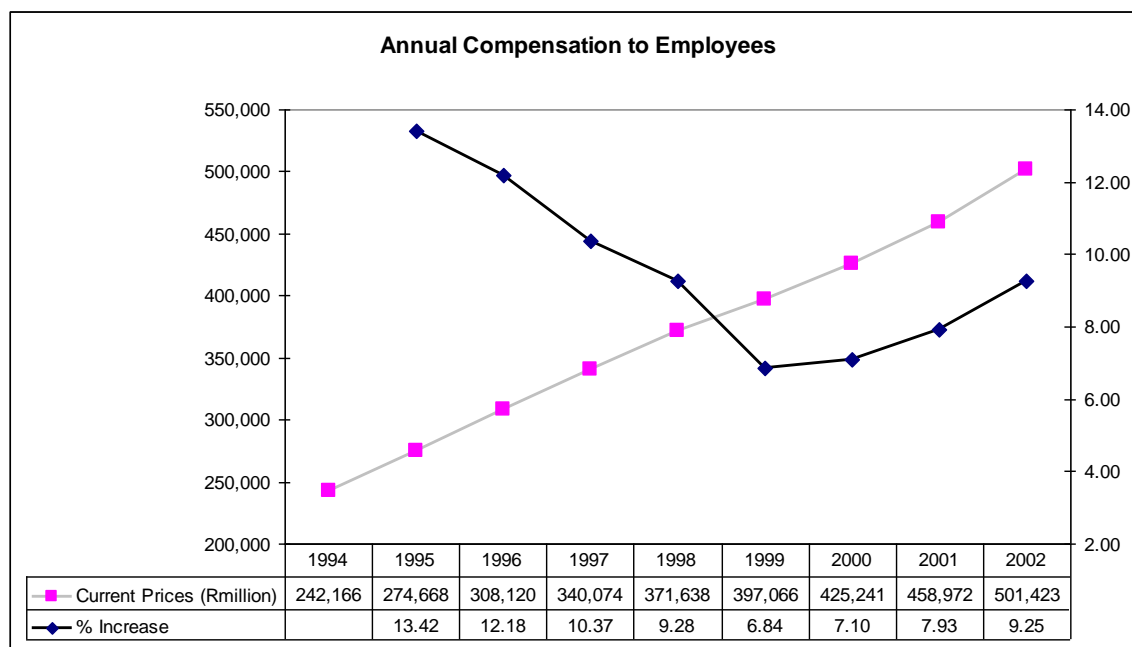
	Full Time		Part Time		Total	
	Number	% Change	Number	% Change	Number	% Change
<b>1999 (June)</b>	4,516,912		369,120		4,886,032	
<b>2000 (June)</b>	4,370,001	-3.3	369,894	0.2	4,739,895	-3.0
<b>2001 (June)</b>	4,266,412	-2.4	393,336	6.3	4,659,748	-1.7
<b>2002 (June)</b>	4,260,251	-0.1	395,207	0.5	4,655,458	-0.1

Source: Stats SA Employment and Remuneration Surveys 2001 & 2002



Stats South Africa made changes to the manner in which employment is calculated and surveyed and with the new expanded *Survey of Employment and Earnings* employment figures have shot up by more than 30% to a workforce of 6.5 million recorded at the end of 2002. Even with the new expanded survey, employment in the formal non-agricultural sector declined in the last quarter of 2002 from the previous two quarters and declined by a further 5 500 jobs in the first quarter of 2003. However, the SARB notes that employment in the first quarter of 2003 was still higher than employment in the first quarter of 2002 (December 2003: 13).

**Figure 5: Annual Compensation to Employees**



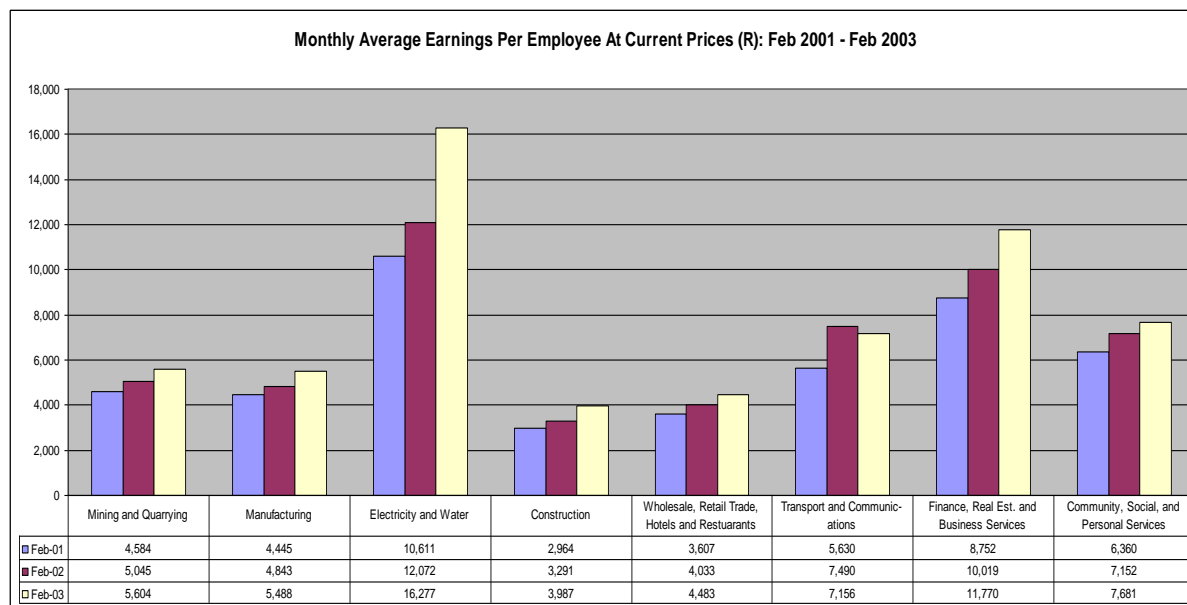
Source: Calculated from Stats SA Online Time Series Data

Remuneration to employees has been increasing steadily since 1994 although the rate has changed from year to year and has gone down substantially from an increase of 13.4% increase in 1995 to a lower increase of 6.84% in 1999. Since then increases in remuneration have gone up again.

The average wage in each sector of the economy differs, but all sectors recorded nominal increases between the first quarter of 2002 and the first quarter of 2003. According to the SARB (December 2003:15) nominal remuneration per worker grew by 10% during 2002 and accelerated from 8.8% in the fourth quarter of 2002 to 10.6% in the first quarter of 2003. The SARB also reported that the average level of wage settlements, for the nine months ending 30 September 2003, was 8.9%.

But increases in nominal wages are countered by inflation. Inflation (CPIX) for 2002 was 9.3% making the real increase for that year only 0.7%. Inflation for 2003 was 6.8% meaning that average real wages ought to be slightly higher. The main concern though is that inflation of food, transport and other basic services are higher than the overall inflation rate and affects low-wage earners more – their wage increases would not cater for this.

**Figure 6: Average Monthly Salary by Industry**



Source: Stats SA Bulletin of Statistics, December 2003

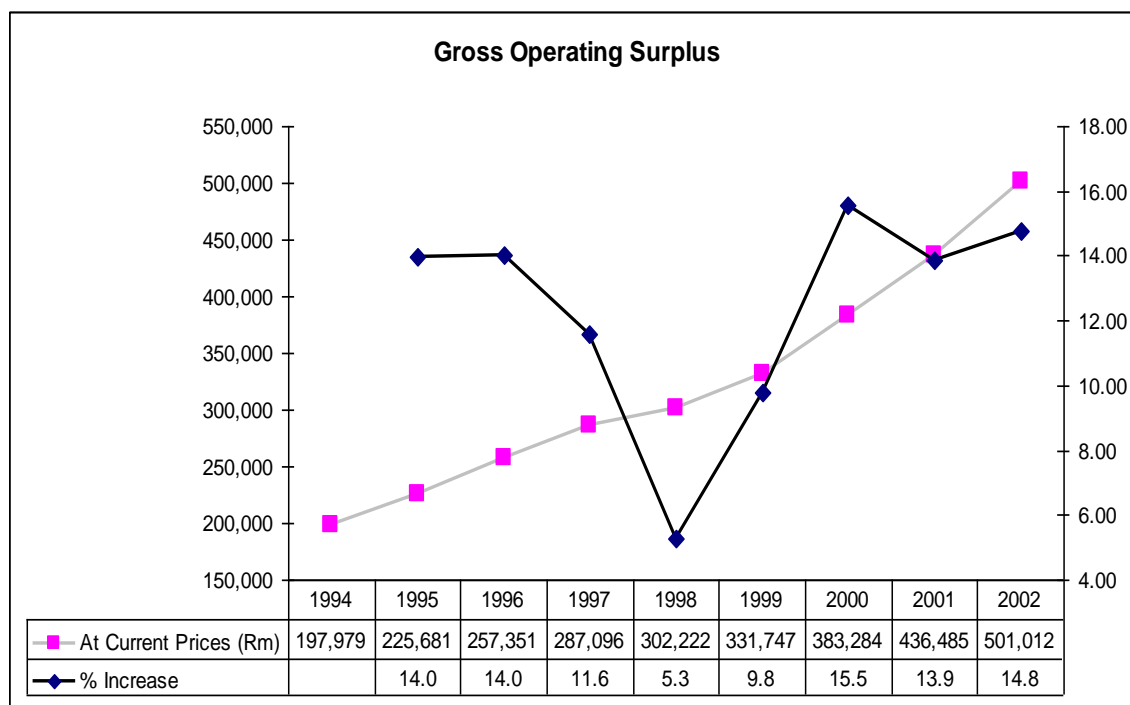
NB: The average salary is much higher than what most workers earn because it is calculated by incorporating the very high salaries.

### Operating Surpluses, Productivity and Labour Cost

Gross Operating Surpluses have increased throughout the past 10 years although the rate of increase dipped in 1998 to 5.3%. Thereafter, it increased steadily and reached a high of 14.8% in 2002, which is a higher rate of increase than in 1995. Gross Operating Surpluses have also increased at a higher rate than compensation to employees for most years in this period.

Gross Operating Surpluses increased by only 4.5% in the third quarter of 2003, compared to an average of more than 10% in the first two quarters of 2003 according to the SARB (December 2003: 12). While economic growth was low in almost all sectors, there was actually a decline in Mining, Manufacturing and Agriculture. This obviously has put company profits under a lot of strain. Declining productivity, increased competition due to the Rand's strength and increases in wages contributed to lower growth of gross operating surpluses in the third quarter of last year.

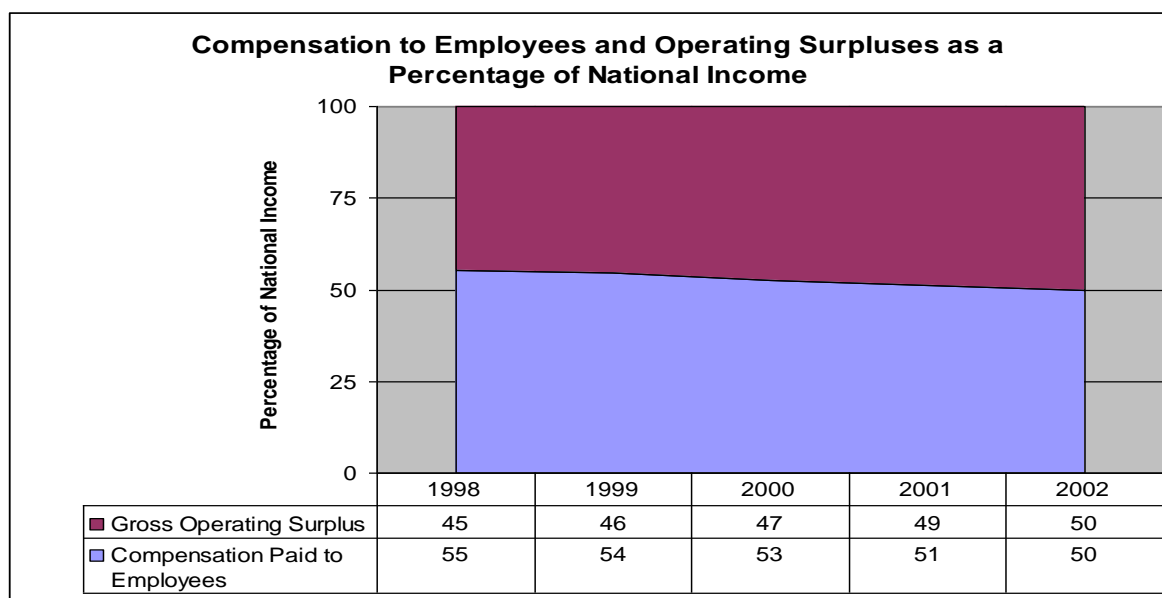
**Figure 7: Gross Operating Surpluses**



Source: Calculated from Stats SA Online Time Series Data

As a percentage of National Operating Surpluses the trend is that Gross Operating Surpluses are increasing while compensation to employees is decreasing.

**Figure 8: Percentage of Compensation to Employees and the Gross Operating Surpluses of Companies to National Income**



Source: Calculated from statistics available in the Stats SA Bulletin of Statistics, December 2003, pp12.6 – 12.7

Figure 8 shows that, in the context of sluggish economic growth, companies rely on the suppression of compensation to employees to boost their surpluses. Operating Surpluses jumped up from 45% to 50% of National Income between 1998 and 2002, while Compensation to Employees dropped from 55% to 50% over the same period. If the high salaries that management and directors are taken out of the Compensation, then it is likely that the percentage of national income going to workers will have dropped even more (see the Directors’ Fees Survey for the high salaries they are paid). Natrass (2003:148) makes a similar point when she states that as a result of productivity increasing faster than real wages for most of the 1990s; aggregate profit share was about 10% higher in 2001 than it was in 1990.

Labour productivity in the non-agricultural sector has increased every year, but also at different rates. In 1998 productivity increased by 5.1%, while in 2002 it increased by only 1.5% (SARB, December 2003: S-156). In the first quarter of 2003 labour productivity growth remained low and is accounted for by the sharp decline of production per worker by 1.1%. With a lower rate of productivity increases and remuneration costs still increasing, the unit labour cost also rose. It rose from 6.6% in the fourth quarter of 2002 to 8.7% in the first quarter of 2003 (SARB, December 2003: 17).

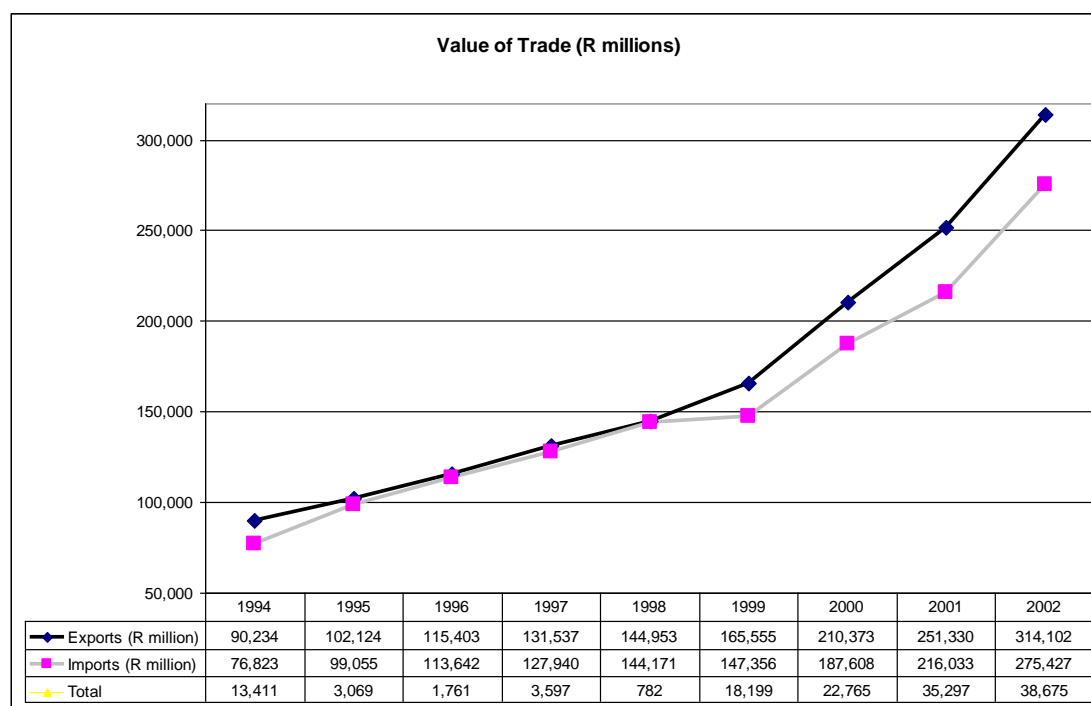
Natrass points out the problem of the manner in which labour productivity in South Africa has increased – it has increased on the basis of capital-intensive production. But capital stock in South Africa’s case is highly inefficient (Natrass, 2003: 146).

Normally the “larger the capital stock, the greater the capacity for production and the larger the surplus available for distribution between capital and labour. Unfortunately, the growth in South Africa’s manufacturing capital stock was not that efficient in generating new output...with the result that the output: capital ratio actually declined.”

### Trade, Foreign Investment and Foreign Debt

There has been tremendous growth of exports and imports over the last 10 years. Between 1994 and 2002 the value of South Africa’s exports and imports more than trebled. In figure 9 we see that the trade balance has increased from R13.4 million in 1994 to R38.6 million in 2002.

**Figure 9: Imports and Exports (1994-2002)**



Source: DTI website [<http://www.thedti.gov.za>]

The structure of South Africa’s trade has also changed. Mining contributed just over 50% of the value of exports in 1994, but by 2002 it contributed just over 35%. It also constituted just over 8% of imports in 1994, but by 2002 constituted over 16%. While there was a decline of the percentage of mining exports there was an increase in manufacturing exports. Manufacturing constituted 54% of exports in 2002, which is more than 10% higher than in 1994 when it constituted 43% of exports. However, the percentage that manufactured goods contributed to imports continued to be quite high even though it was reduced from 89% in 1994 to 84% in 2002 (see table 3).

The trade balance reveals that mining continues to be a very important trade factor for South Africa. Mining exports are much higher than its imports resulting in a surplus that helps to counter the effects of high manufacturing imports.

**Table III: Structure of Trade (% Contribution to Exports and Imports)**

	AGRICULTURE		MINING		MANUFACTURING		OTHER TRADE	
	EXPORTS	IMPORTS	EXPORTS	IMPORTS	EXPORTS	IMPORTS	EXPORTS	IMPORTS
1994	5.20	2.20	50.16	8.32	43.20	89.13	1.44	0.35
1995	4.23	2.91	44.07	9.69	50.23	87.16	1.47	0.24
1996	4.98	2.38	40.99	10.11	53.28	87.28	0.76	0.24
1997	4.54	2.12	39.61	13.68	55.29	83.99	0.56	0.20
1998	4.83	2.04	39.92	8.88	54.69	88.89	0.56	0.18
1999	4.90	1.85	37.90	11.31	56.60	86.67	0.60	0.16
2000	3.74	1.73	37.98	16.34	57.84	81.72	0.44	0.21
2001	4.05	1.40	37.90	15.02	57.78	83.41	0.27	0.18
2002	4.44	2.16	36.87	13.24	58.53	84.32	0.16	0.28

Source: DTI web page

Foreign Investment into South Africa has increased significantly since 1994. The table below shows that foreign direct investment (FDI) increased from a value of R44.7 billion at the end of 1994 to a value of R370.7 billion at the end of 2001. Total investment, which includes portfolio investment and loans, increased from R184.9 billion at the end of 1994 to R938.6 billion at the end of 2001. In 2002 FDI inflows increased by 7.9% and in 2003 it “remained paltry” according to the SARB (December 2003: 25).

**Table IV: Foreign Investment in SA (R millions)**

	Foreign Direct Investment	Foreign Portfolio Investment	Other Foreign Investment	Total Foreign Investment for Year End
1994	44,701	67,333	72,909	184,943
1995	54,764	85,554	88,056	228,374
1996	61,976	111,531	109,535	283,042
1997	81,463	137,309	114,877	333,649
1998	91,862	179,704	137,665	409,231
1999	318,630	260,289	140,923	719,842
2000	328,859	276,733	168,141	773,733
2001	370,695	320,168	247,703	938,566

Source: SARB, December 2003: S-92

Investment by South African entities abroad has also increased tremendously. Direct Investment abroad increased from a value of R67.7 billion at the end of 1994 to R231.4 billion at the end of 2001. Total investment abroad amounted to R818.8 billion at the end of 2001 up from a value of R97.7 billion at the end of 1994. In 2002 South African investments abroad was up 4.2% from the previous year and in the

second quarter of 2003 a further R1.5 billion was used by South African companies to purchase controlling interest in off-shore companies (SARB, December 2003: 26).

**Table V: South African Investment Abroad**

	SA Direct Investment	SA Portfolio Investment	SA Other Investment	Total SA Investment Abroad For Year End
1994	67,698	381	29,577	97,656
1995	84,991	2,397	36,237	123,625
1996	114,013	12,244	37,891	164,148
1997	113,170	58,734	61,096	233,000
1998	157,385	106,877	68,906	333,168
1999	203,036	258,530	107,924	569,490
2000	244,653	343,861	135,001	723,515
2001	231,416	361,282	226,084	818,782

Source: SARB, December 2003: S-92

Foreign debt as a percentage of GDP has also gone up from 21.8% in 1994 to 30.7% of GDP in 2002. Between December 2002 and June 2003 South Africa's foreign debt increased by a further US\$3.4 billion to US\$36.1 billion (SARB, December 2003: 26).

**Table VI: Foreign Debt**

	1994	1995	1996	1997	1998	1999	2000	2001	2002
Total Foreign Debt as % of GDP (calculated in USA dollar terms)	21.8	23.4	24.0	26.3	28.0	29.7	28.8	27.0	30.7

Source: SARB December 2000: S-100; SARB December 2003: S-105

### ***Foreign Exchange, Inflation and Interest Rates***

The yearly average foreign exchange of the Rand to major currencies like the US Dollar, the UK Pound and the Euro has been declining since 1994, despite constant fluctuations. In 1994 the average exchange rate was R3.55 for US 1 dollar, R5.44 for UK 1 pound and R4.21 for one European Currency Unit (before the introduction of the Euro). In 2002 the average exchange rate was R10.52 for US 1 dollar, R15.76 for UK 1 pound and R9.90 for 1 Euro.

In 2003 the Rand gained on all major currencies. The SARB reports that it gained 7.5% in the first quarter, 4.4% in the second quarter and 3.2% in the third quarter and was still rising towards the end of the year. This is attributed to the rising foreign-currency prices of South African exports and the declining interest rate (SARB, December 2003: 27).

**Table VII: Average Annual Exchange Rate of the South African Rand**

	1994	1995	1996	1997	1998	1999	2000	2001	2002
Rands per US Dollar	3.55	3.63	4.29	4.61	5.53	6.11	6.94	8.60	10.52
Rands per UK Pound	5.44	5.72	6.72	7.55	9.16	9.89	10.49	12.39	15.76
Rands per Euro	4.21	4.69	5.38	5.21	6.22	6.52	6.39	7.71	9.90

Source: SARB December 2003: S-108 and SARB December 2000: S-104

South Africa has had single digit inflation rates during the past 10 years, compared to the double digit inflation rates it experienced annually for the preceding 10 years (as measured by the Consumer Price Index – CPI). Inflation in 2002 made a big dent to incomes when it rose to almost 10% with food inflation reaching 16.3%. However, it receded in 2003 to an average inflation rate of 5.8%. CPIX (CPI excluding housing) was 6.8% in 2003.

**Table VIII: Annual Inflation On A Monthly Basis**

**Consumer Price Index**

**Metropolitan areas - All Items Base year: 2000 = 100**

Year	Index	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Ave.
1994	Index	64,0	64,2	64,6	65,0	65,4	65,8	66,8	67,8	68,6	68,9	69,1	69,3	66,6
	%	+10,0	+9,9	+9,1	+6,9	+7,2	+7,3	+8,1	+9,2	+10,1	+9,7	+9,9	+9,8	+8,8
1995	Index	70,2	70,5	71,3	72,2	72,5	72,4	72,8	73,0	73,1	73,3	73,5	74,1	72,4
	%	+9,7	+9,8	+10,4	+11,1	+10,9	+10,0	+9,0	+7,7	+6,6	+6,4	+6,4	+6,9	+8,7
1996	Index	75,0	75,1	75,7	76,2	76,7	77,4	78,0	78,4	79,2	79,9	80,2	81,0	77,7
	%	+6,8	+6,5	+6,2	+5,5	+5,8	+6,9	+7,1	+7,4	+8,3	+9,0	+9,1	+9,3	+7,3
1997	Index	82,0	82,5	83,0	83,7	84,0	84,2	85,1	85,2	85,6	86,0	85,7	86,0	84,4
	%	+9,3	+9,9	+9,6	+9,8	+9,5	+8,8	+9,1	+8,7	+8,1	+7,6	+6,9	+6,2	+8,6
1998	Index	86,7	86,9	87,5	87,9	88,3	88,6	90,7	91,7	93,3	93,7	93,7	93,7	90,2
	%	+5,7	+5,3	+5,4	+5,0	+5,1	+5,2	+6,6	+7,6	+9,0	+9,0	+9,3	+9,0	+6,9
1999	Index	94,4	94,4	94,4	94,6	94,5	95,0	95,1	94,7	95,1	95,3	95,5	95,8	94,9
	%	+8,9	+8,6	+7,9	+7,6	+7,0	+7,2	+4,9	+3,3	+1,9	+1,7	+1,9	+2,2	+5,2
2000	Index	96,9	96,6	97,6	98,9	99,3	99,9	100,8	101,2	101,7	102,0	102,2	102,5	100,0
	%	+2,6	+2,3	+3,4	+4,5	+5,1	+5,2	+6,0	+6,9	+6,9	+7,0	+7,0	+7,0	+5,4
2001	Index	103,8	104,1	104,8	105,3	105,7	106,2	106,1	105,9	106,2	106,1	106,6	107,2	105,7
	%	+7,1	+7,8	+7,4	+6,5	+6,4	+6,3	+5,3	+4,6	+4,4	+4,0	+4,3	+4,6	+5,7
2002	Index	109,0	110,2	111,3	113,1	113,9	114,7	116,3	116,9	118,1	119,9	120,3	120,5	115,4
	%	+5,0	+5,9	+6,2	+7,4	+7,8	+8,0	+9,6	+10,4	+11,2	+13,0	+12,9	+12,4	+9,2
2003	Index	121,6	121,5	122,7	123,1	122,8	122,4	122,4	122,9	122,5	121,7	120,8	120,9	122,1
	%	+11,6	+10,3	+10,2	+8,8	+7,8	+6,7	+5,2	+5,1	+3,7	+1,5	+0,4	+0,3	+5,8

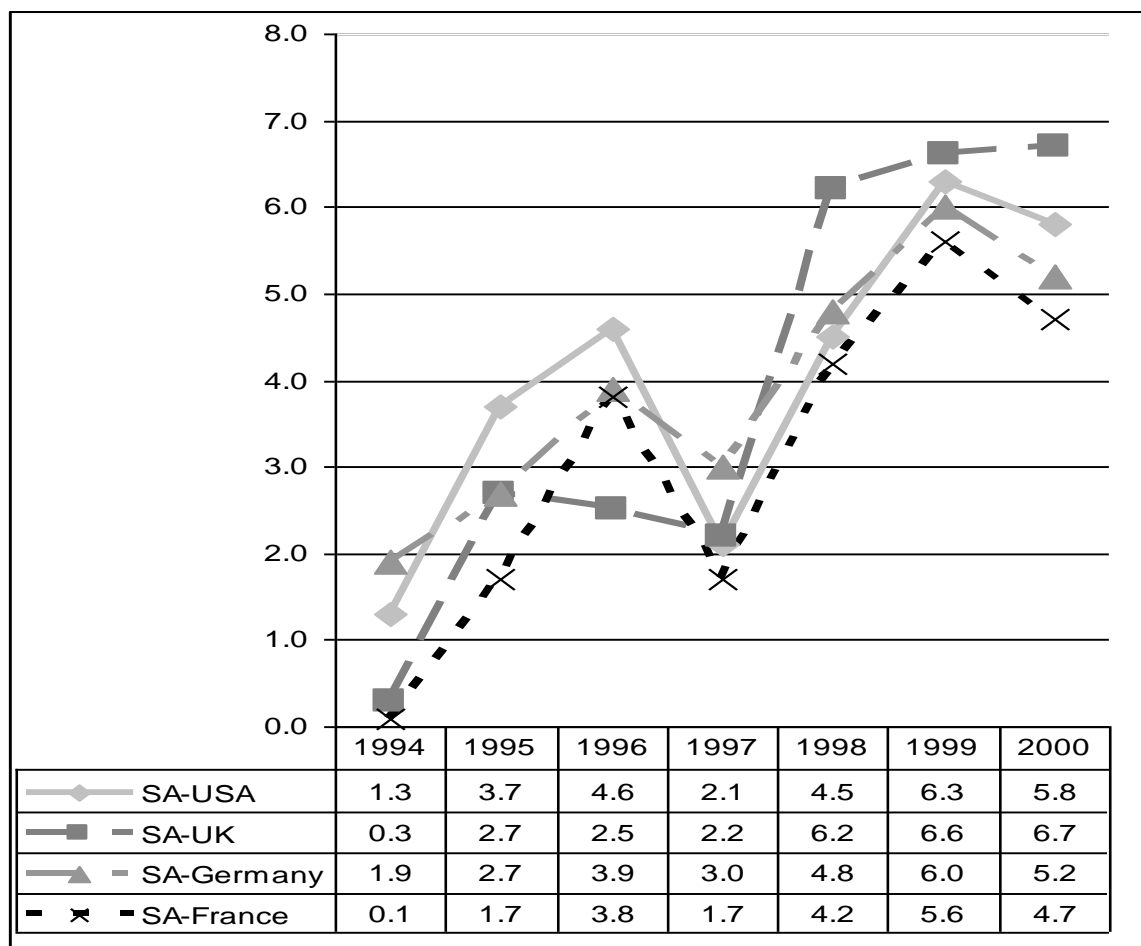
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The real interest rate during the past decade has been positive and revealed percentage growth above most industrialised countries, especially with South Africa's major trading partners. While the trend in developed countries was a decline in real interest rates during the 1990s after they rose steadily in the 1980s, South Africa's real interest rates began rising from 1994 after experiencing a negative interest rate in the 1980s. In fact, during the 1980s, interest rates fluctuated from +10% to -10% in South Africa (Khan and Farrell, 2002: 14).

Recently interest rates have also been fluctuating. In 2002 the Private Sector banks raised their prime overdraft rate and rate on mortgage loans from 13% in January to 17% in September (SARB, December 2002: 42). During 2003 this dropped from 17% in May to 12% in October. The SARB (December 2003: 37) notes that this is the lowest level since 1986. The drop in the private banks prime interest rates was due mainly to the drop in the Reserve Bank's repurchase rate throughout the year as a result of declining inflation, attempts to increase consumer spending and the strengthening of the Rand.

**Figure 10: Real Interest Rates of South Africa Minus Real interest Rates of Selected Countries (1994 -2000)**



Source: Khan & Farrell (2002: 15)

## ***Conclusion***

Last year, the economic review in Bargaining Indicators, pointed out that the environment in which bargaining takes place is deteriorating for workers. The threat posed by companies in the form of retrenchments, of increased hours of work, of fewer benefits and less protection for employees makes negotiating wage increases very difficult. This proves the point made by Kevin Wakeford that South Africans have “endured the hegemony of big business”.

This review indicates that the economy in the past decade has not brought real gains to workers. Although there has been consistent nominal wage increases, inflation undermined that increase. The unemployment crisis has deepened and exerts pressure to reduce wage demands as more people compete for fewer jobs. Furthermore, the wage earner has to further divide that wage to cater for retrenched workers in the household.

The structure of the economy in terms of concentrated ownership, the weight of particular industries (particularly capital intensive industries), and the unequal distribution of wealth, reveal that no dent has been made in what was inherited from apartheid.

Given the above it is no surprise that South Africa has dropped three ranks in the Human Development Index between 1999 and 2000. It dropped 19 ranks between 1990 and 2000.

In the coming period what is really at stake for trade unions and social justice movements is; how this hegemony of big business can be broken so that meaningful gains can be made. This will not be easy given growing divisions among workers – divisions between organized and unorganized workers, between workers in the formal and the informal economies, between workers from one sector and workers from another together with persistent racial, gender and job grade divisions.

Bargaining has become increasingly technical, expert driven and exclusionary. Unions will have to consciously ensure that their members are active in the bargaining process, that mobilisation occurs on the shop floor and that solidarity is built with other unions and workers’ organisations.

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United Nations Development Programme: [www.undp.org](http://www.undp.org)



## **Wage Bargaining Review**

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## ***Introduction***

Wage income is the strongest contributor to poverty eradication and is an indicator of how much a society values its labour. South Africa, however, remains a low wage society ten years after the apartheid regime was replaced by a non-racial government, elected on the basis of one person one vote. While workers and their organisations continue the struggle to improve their lot, numerous obstacles remain or have emerged that undermine this struggle.

The biggest problem, recognised by almost everybody from politicians and religious leaders to academics and business people, is unemployment and the inability of the economy to create jobs. Unfortunately, solutions to this problem include the deregulation of the labour market, that is, the reduction of workers' rights, and declining wages. Outsourcing, part-time and contract labour has mushroomed in the past decade.

From the view point of workers, there is no doubt that unemployment is a real problem because it undermines their ability to struggle for higher wages and it allows management to increase their workload by threatening them with retrenchment. Many unions have been, and still are, confronted with the choice of either bargaining for legitimate wage increases or bargaining to save jobs. But given that unemployment stands at 42% (up from just over 30% in 1994) it is no wonder that little progress has been made in raising the level of wages to accommodate decent living standards. The curbing of wage increases, however, has not prevented major job losses.

Another important shift in the economy is the rapid expansion of employment in the informal economy. Large numbers of the unemployed have sought refuge in the informal market. This sector does not, however, contribute to improved living standards and continuously undermines hard won rights. Workers in the informal economy characteristically earn low wages or income, and receive no employment benefits. According to Altman (2003:19) those employed in the informal economy with primary and secondary education earn on average between R535 and R1392 per month. While their counterparts in the formal market earn twice as much, there is no doubt that low wages in the informal economy places a downward pressure on wages in the formal economy.

The struggle to raise minimum wages is a historical one for trade unions and fits into their vision of eradicating poverty, creating decent living standards and social equality. Unlike other surveys that uses average earnings across the economy and across job grades and therefore conceal the low pay received by millions of South Africans to live on, this report focuses on minimum wages. It highlights the breadth and depth of the problem of low pay in South Africa.

The data on minimum wages is obtained from the LRS database called AWARD (The Actual Wage Rate Database). AWARD was designed in 1988 and is the only accessible database in South Africa that provides minimum wage data and has the capacity to differentiate between wages paid to different grades within various occupations. In 2002 AWARD was redesigned into a web enabled database

application with the financial assistance of the Department of Labour and can now be accessed via the LRS website on <http://www.lrs.org.za>.

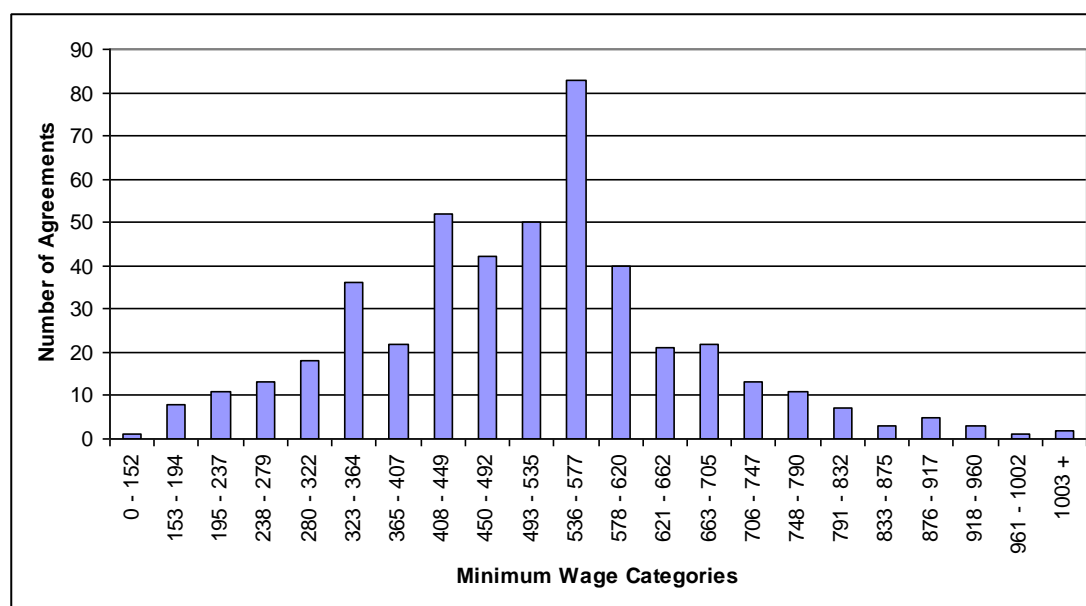
This report begins with an overview of minimum wages as captured in bargaining agreements and then looks at minimum wages in sectors and in bargaining councils. It then looks at average minimum wages won by trade unions and compares the minimum wage with poverty datum line benchmarks. It ends with a review of minimum wages in the past ten years.

There are two appendices to this report. The first appendix provides information on industrial action and disputes and the second appendix provides the data-set of agreements made by particular trade unions.

### ***Minimum Wages in Bargaining Agreements***

The figure below provides insight into how low minimum weekly wages are. It breaks down the 439 bargaining agreements into minimum wage categories, thus revealing the R506 – R604 minimum wage category accounts for the highest number of agreements (111 of the 439). The data reveals that 54% of all the minimum weekly wage agreements in our sample are below R539/week, and that almost 80% (78.88%) are below R604/week. This means that workers covered by almost 55% of agreements in our sample earn less than R2333.87 per month and that workers covered by almost 80% of these agreements earn less than R2605.32 per month.

**Figure 11: Number of Bargaining Agreements in Each Weekly Minimum Wage Category**



Source: LRS Actual Wage Rates Database (AWARD)

## Minimum Wages by Industry

The data in the table below was extracted from 345 wage agreements entered into between various trade unions and companies. The average minimum wage across all industries increased by 9.6% from 2002 to 2003. If we take the Consumer Price Index minus mortgage bonds (CPI-X) into account, we find that the real average percentage increase in industries average minimum wage amounted to 2.8%.

It is interesting to note that this figure of 9.6% concurs with the findings of the 22<sup>nd</sup> Annual Report on Labour Relations in South Africa, published by Andrew Levy & Associates. However, while Levy & Associates suggest that the average minimum wage across industries was R2626 in 2003; our sample suggests a monthly wage of only R2021.

In 2003, the average minimum weekly wage rate across industries was R466.84 for an average working week of 43.86 hours. The highest industry average minimum wage of R559.52 was found in community, social and personal services for a 44.9 hour working week. The lowest sector average minimum wage of R296.73 was paid to workers in the agriculture, hunting, forestry and fishing industry for a 44.73 hour working week.

**Table IX: Average Minimum Weekly Wages in Various Industries<sup>1</sup>**

Average Minimum Weekly Wage For SIC Major Divisions For Index: CPI-X CPI-X Average Increase: 6.8% For Year: 2003					
Standard Industrial Classification (SIC) Major Divisions	Average Hours of Work	2003 Average Wage (Rands)	2002 Average Wage (Rands)	Average Wage Increase (%)	Average Real Wage Increase (%)
Agriculture, hunting, forestry and fishing	44.73	296.73	266.49	11.35	4.55
Community, social and personal services	44.9	559.52	493.65	13.34	6.54
Financial intermediation, insurance, real estate	41.88	508.48	466.76	8.94	2.14
Manufacturing	43.25	532.25	484.75	9.8	3.00
Mining and quarrying	44.91	488.12	433.67	12.56	5.76
Transport, storage and communication	43.5	526.85	512.33	2.83	-3.97
Wholesale and retail trade	43.88	355.95	328.47	8.37	1.57
<b>TOTALS</b>	<b>43.86</b>	<b>466.84</b>	<b>426.59</b>	<b>9.60</b>	<b>2.80</b>

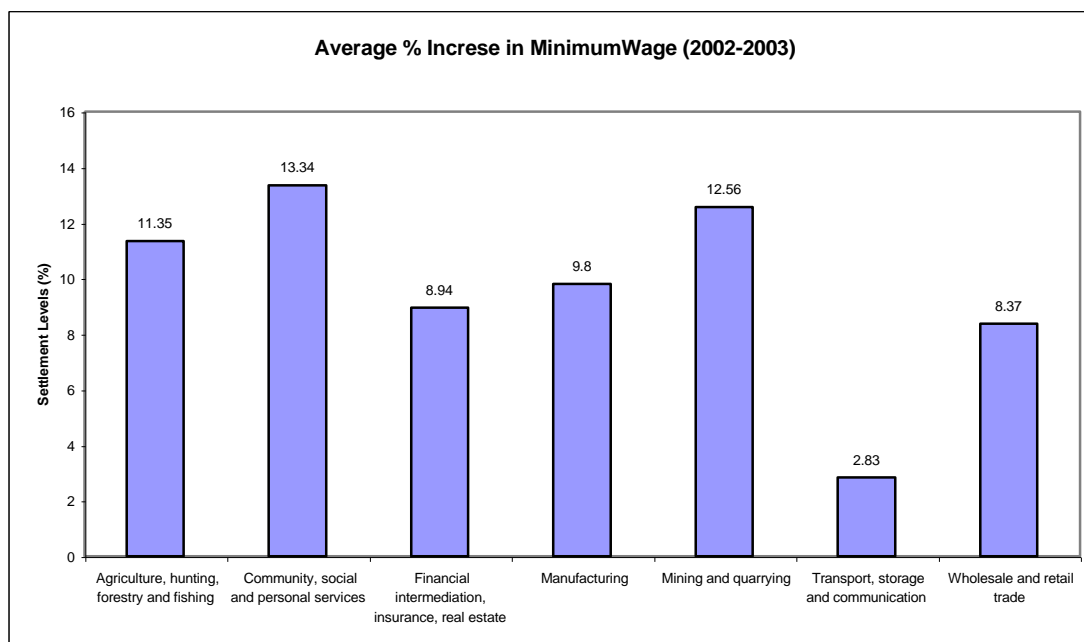
Source: LRS Actual Wage Rates Database (AWARD)

Workers in the community, social and personal industry received the highest wage increase of 13.34%, while those in the transport, storage and communications industry recorded the lowest increase of 2.83%.

<sup>1</sup> These figures are drawn from the LRS Actual Wage Rate Database (AWARD), which is still under construction, and as such these figures are intended to serve only as a rough indicator of trends.



**Figure 12: Average % Increase in Minimum Wages in Various Industries**



Source: LRS Actual Wage Rates Database (AWARD)

### ***Minimum Wage Rates Set by Bargaining Councils***

From a dataset of 43 bargaining councils, covering approximately 1 557 132 workers the following analysis can be made (see table on the next page for a list of the bargaining council agreements). The average weekly wage was R371.75 for an average working week of 42.47 hours. This translates into an average minimum monthly wage of R1609.69. Furthermore, 66% of the minimum wage agreements concluded at bargaining councils fell below the R400/week (R1732 per month) level.

Within our sample, the Bargaining Council for the Electrical Industry: Area E recorded the *lowest minimum weekly wage of R255.60* for a 40 hour working week. The Bargaining Council for the Tearoom, Restaurant & Catering Trade: Pretoria set the *highest weekly wage of R1017.67* for an estimated 15 000 of the lowest paid workers (for a 45 hour week).

**Table X: Minimum Wage Rates Across Bargaining Councils (2003)**

Bargaining Councils	Lowest Occupation/ Grade	Hours of work	Average Weekly Wages 2003	Average Monthly Wage	Approx. no. of Workers
Road Freight Industry (A)	Labourer	45	344.00	1489.52	50961
Hairdressing and Cosmetology Trade (Pretoria)	Operator	40	403.62	1747.67	1463
Laundry, Cleaning and Dyeing Industry (KZN)	Labourer	44	379.50	1643.24	522
Meat Trade (Gauteng)	Cleaners	45	249.42	1079.99	14000
Clothing Manufacturing Industry (KZN)	Labourer	42.5	368.55	1595.82	36101
Clothing Manufacturing Industry (Northern region)	Machine minder/tracer/ pressers	40	343.20	1486.06	15162
Furniture, Bedding & Upholstery Industry (Curtaining Sector Greater Northern Region)	Labourer	45	481.61	2085.37	300
Furniture, Bedding & Upholstery Industry (Gauteng)	Labourer	45	325.00	1407.25	9000
Grain Co-Operative Industry (Garsfontein)	Labourer	45	369.51	1599.98	8000
BC for Building Industry (Cape of Good Hope) area A	Labourer	40	287.20	1243.58	11959
BC for Building Industry (Cape of Good Hope) area B	Labourer	40	234.80	1016.68	
BC for Building Industry (Cape of Good Hope) area C	Labourer	40	206.40	893.71	
BC for the Jewellery and precious metal industry (Cape)	Labourer	43	462.24	2001.50	800
BC Furniture Manufacturing Industry (KZN)	Labourer	44	645.53	2795.14	2500
BC Building Industry (East London)	Labourer	42	357.00	1545.81	1130
BC Motor Industry-MIBCO area A	Labourer	45	248.85	1077.52	50000
BC Electrical Industry area A	Labourer	40	255.60	1106.75	7421
BC Electrical Industry area B	Labourer	40	261.40	1131.86	
BC Electrical Industry area C	Labourer	40	204.40	885.05	
BC Electrical Industry area D	Labourer	40	153.60	665.09	
BC Electrical Industry area E	Labourer	40	149.20	646.04	
BC Electrical Industry area F	Labourer	40	224.40	971.65	
BC Electrical Industry area G	Labourer	40	188.00	814.04	
BC Electrical Industry area H	Labourer	40	177.20	767.28	
BC Electrical Industry area I	Labourer	40	286.80	1241.84	
BC Electrical Industry area J	Labourer	40	255.60	1106.75	
BC Electrical Industry area K	Labourer	40	261.40	1131.86	
BC Electrical Industry area L	Labourer	40	190.80	826.16	
BC Millinery Industry (Northern area)	Labourer	40	387.00	1675.71	35000
BC Commercial Distributive Trade (Kimberley)	Labourer	45	237.15	1026.86	20000
BC Building Industry (Bloemfontein)	Labourer	40	240.00	1039.20	1550
The South African Road Passenger BC	Labourer	45	531.17	2299.97	18000
Metal and Engineering Industries BC	Labourer	40	498.80	2159.80	196269
BC Cotton Textile Processing and Manufacturing (Bag)	Labourer	45	553.95	2398.60	235
PSCBC (Core Public Service)	Lowest paid worker	40	593.58	2570.20	460000
PSCBC (SAPS)	Lowest paid worker	40	593.58	2570.20	125000
PSCBC (Educators)	Lowest paid worker	37.5	768.41	3327.22	350000
BC Tearoom, Restaurant & Catering Trade (Pretoria)	Labourer	45	1017.67	4406.51	15000
BC Building Industry (Kimberley)	Labourer	45	236.70	1024.91	3500
BC Canvas & Ropeworking Industry (Cape)	Labourer	44	420.97	1822.80	600
BC Contract Cleaning Industry (Natal urban areas)	Labourer	45	327.15	1416.56	13000
BC Contract Cleaning Industry (Natal rural areas)	Labourer	45	279.90	1211.97	
BC Furniture Manufacturing Industry (WC)	Labourer	44	383.24	1659.43	5000
BC Hairdressing Trade (Cape Peninsula)	Cleaner	45	300.23	1300.00	1400
BC Building (North & West Boland)	Labourer	42	294.42	1274.84	2200
BC Canvas Goods industry (Witwatersrand & Pretoria)	Labourer	45	448.96	1944.00	600
BC Diamond Cutting Industry of South Africa	Cleaner	40	184.75	799.97	1900
BC Fishing Industry	Labourer (Factory)	45	597.15	2585.66	2000
BC Hairdressing & Cosmetology Service (semi national) (Kimberley)	Labourer	45	624.00	2701.92	3500
BC Motor Ferry Industry	Labourer	45	482.00	2087.06	870
BC Hairdressing & Cosmetology (KZN)	Labourer	45	314.08	1359.97	2000
BC National Textile Industry	Labourer	45	554.40	2400.55	30812
BC Restaurant, Catering & Allied Trades (Gauteng)	Labourer	45	256.50	1110.65	3500
BC National Leather Industry of SA (Footwear section)	Labourer	42	507.93	2199.34	10763
BC National Leather Industry of SA (general goods & handbags)	Labourer	42	349.07	1511.47	2530
BC National Leather Industry of SA (tanning sector)	Labourer	42	567.42	2456.93	3858
BC Clothing Manufacturing Industry (national)	Labourer	42.5	486.00	2104.38	35226
BC Laundry, Dry Cleaning & Dyeing Trade (Gauteng)	Labourer	42	448.56	1942.26	1000
BC Liquor, Catering & Accommodation Trade (South Coast KZN)	Labourer	45	254.96	1103.98	2500
BC Meat Trade of the Magisterial District (East London)	Labourer	45	250.69	1085.49	
		<b>42.475</b>	<b>371.75</b>	<b>1609.69</b>	<b>1,557,132</b>

Source: LRS Actual Wage Rate Database (AWARD) - Bargaining Council Agreements 2003

### *A Comparison of Minimum Wages Attained by Selected Trade Unions*

Unions, despite losing significant numbers of members, remain important organisations through which workers bargain for better working conditions and higher wages. AWARD allows for a comparison of how unions have fared in negotiating a higher minimum wage.

The table below reflects the average minimum wage settlements won by various trade unions. The data was extracted from 439 wage agreements concluded by the following unions:

- National Union of Food, Beverages, Wine, Spirits and Allied Workers (NUFBWSAW)
- Chemical, Energy, Paper, Printing, Wood and Allied Workers Union (CEPPWAWU)
- South African Chemical Workers Union (SACWU)
- Food and Allied Workers Union (FAWU)
- National Union of Mineworkers (NUM)
- South African Municipal Workers Union (SAMWU)
- South African Commercial and Catering Workers Union (SACCAWU).

**Table XI: Average Minimum Wage by Trade Union<sup>2</sup>**

Trade Union	Number of Bargaining Units	Average Minimum Weekly Wage: 2003	Average Minimum Weekly Wage: 2002	Average % Increase: 2002-2003	Real % Increase	Average Working Week (Hours) 2003	Average Minimum Monthly Income 2003	Estimated Number of Workers Represented
<b>Ceppwawu</b>	108	<b>R 503.47</b>	R 456.03	10.40	3.60	42.03	R 2,180.03	52708
<b>Fawu</b>	69	<b>R 593.65</b>	R 539.53	10.03	3.23	44.19	R 2,570.50	35137
<b>Nufbwsaw</b>	22	<b>R 352.31</b>	R 321.11	9.72	2.92	44.95	R 1,525.50	3254
<b>Num</b>	89	<b>R 489.23</b>	R 442.37	10.59	3.79	44.71	R 2,118.37	68701
<b>Saccawu</b>	50	<b>R 363.09</b>	R 324.16	12.01	5.21	44.62	R 1,572.18	58996
<b>Sacwu</b>	10	<b>R 521.68</b>	R 465.39	12.10	5.30	42.25	R 2,258.87	29372
<b>Samwu</b>	91	<b>R 568.20</b>	R 509.07	11.62	4.82	44.97	R 2,460.31	35221
	<b>439</b>	<b>R 484.52</b>	<b>R 436.81</b>	<b>10.92</b>	<b>4.12</b>	<b>43.96</b>	<b>2097.97</b>	<b>242 325*</b>

*Source: LRS Actual Wage Rate Database (AWARD)*

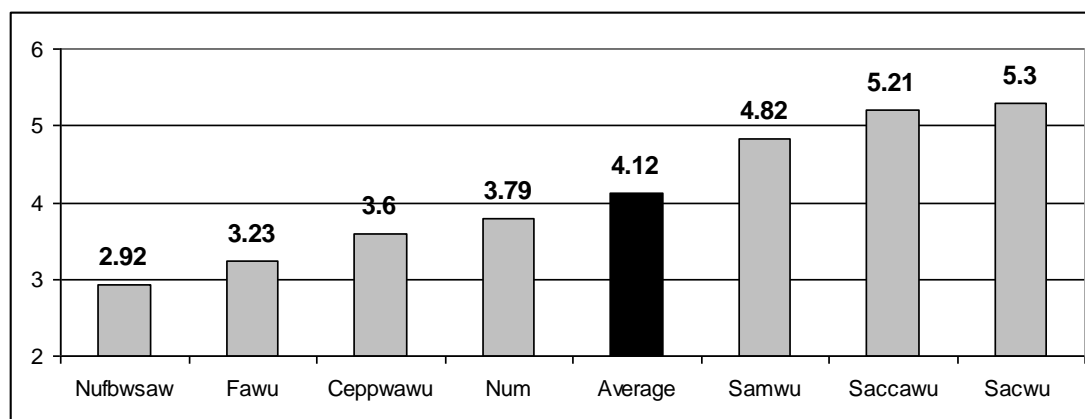
The average minimum weekly wage for 2003 attained by unions in the sample was R484.52 for a 44 hour week. This weekly amount translates into a monthly wage of R2097.97. The table indicates that these unions, on average attained a 10.92% increase of the average minimum wage for 2002 but only a 4.12% real increase (using an average CPI-X for 2003 of 6.8%).

<sup>2</sup> See Addendum 1 for the full data set.

The figure below illustrates the *average percentage increase in minimum wage settlement levels negotiated by trade unions in our samples*, and what these increases meant in real terms.

With a real average increase of 4.12%, SACWU (5.3%) and SACCAWU (5.21%) attained increases above the average. SAMWU (4.82%) NUM (3.79%) and CEPPWAWU (3.6%) were close to the average, while FAWU (3.23%) and NUFBWSAW (2.92%) were below.

**Figure 13: Average Minimum Wage Settlement Levels by Trade Unions (2002-2003)**



### *Average Minimum Wages Compared to Other Benchmarks*

In setting minimum wage levels, poverty datum lines are sometimes considered guidelines to determine the minimum financial requirements of the lowest paid workers. We caution, however, against the use of poverty datum lines as minimum wage benchmarks, as they do not ensure a decent standard of living.

Some have called poverty statistics, “*people with the tears wiped off*”<sup>3</sup>. Statistics reduce people to data, and make a host of assumptions along the way. Woolard and Leibbrandt (1999) admit that “*..., the point at which we draw the line is always somewhat arbitrary and often highly contentious. After all, it is clearly rather crude to assume that a household earning R999 per month is in poverty, while the household earning R1000 is not. A poverty line will always be an imperfect measure,*”.

The concern that the LRS has, is that the level set by existing poverty datum lines are not levels that should be associated with a living wage because they are concerned with calculating what it takes to meet the most basic of biological and material needs, and discount social needs almost entirely. Furthermore, the names given to certain

<sup>3</sup> Woolard & Leibbrandt, Measuring Poverty in SA, 1999, p5, Development Policy Research Unit, UCT.

poverty datum lines are misleading. What is meant by “*subsistence*” in the Household Subsistence Level survey, and what is meant by “*minimum*” in the Minimum Living Level survey? It is not clear what *quality of life* these levels describe, although it is fairly obvious that they are not levels to which any household should aspire to. Trade unions are not fighting for the right of their constituency to be the working poor and as such, the benchmarking of minimum wages against poverty datum lines should serve only as an indication of the extent to which any particular wage promotes a life that allows for even a modicum of socio-economic advancement over time.

With this cautionary note in mind, we now compare the minimum wage level with the poverty datum lines calculated by the Bureau of Market Research of the University of South Africa (UNISA) and the Health and Development Institute of the University of Port Elizabeth (UPE).

The Minimum and Supplemented Living Level (MLL & SLL) include the following items (at very low levels of expenditure): rent; water; electricity; services; washing and cleaning materials; transport (work, school, shopping); clothing; fuel and light; education; contribution to medical aid funds; medical and dental expenses; including patent medicine; support of relatives (applicable only to single households) and taxes.

The following items to calculate the Household Subsistence Level (HSL): food; clothing; fuel and light; washing and cleaning materials and transport.

As shown in the table below, the Minimum Living Level (MML) for an average African family was R1871.95 in March 2003, which is an increase of 9.9% from the previous year.

**Table XII: MLL Weighted Average of all Areas**

Population Group		Monthly Income of Average Family
Africans	March 2002	R1 703.34
	March 2003	R1 871.95
	% Increase	9.9%

*Source: Bureau of Market Research, UNISA*

The Supplemented Living Level (SLL) for 2003 was R2452.73, up from R2231.84 in 2002 according to the table below.

**Table XIII: SLL Weighted Average of all Areas**

Population Group		Monthly Income of Average Family
Africans	March 2002	R2 231.84
	March 2003	R2 452.73
	% Increase	9.9%

*Source: Bureau of Market Research, UNISA*

The Household Subsistence Level (HSL) for a low-income family of five members increased by 4.5% to R1 794.22. The HSL for a low middle-income family of five members was R2 314.87, an increase of 4.1% from the previous year shown below.

**Table XIV: HSL for Surveyed Centres (August 2003)**

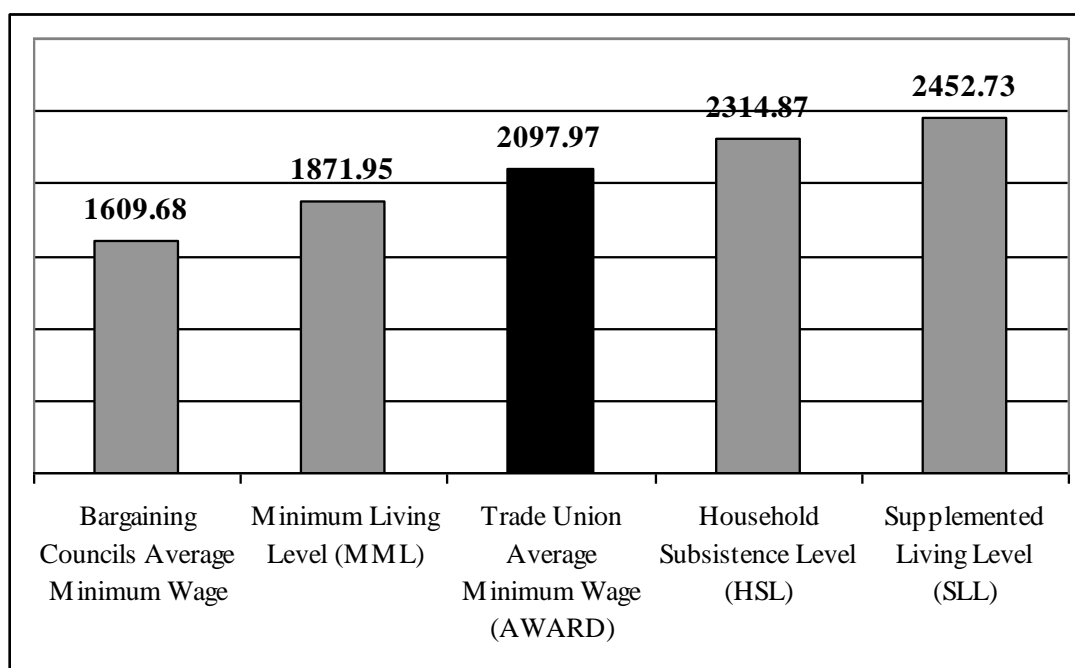
HSL for 5 member family	Monthly Average: (Cape Town, P.E, Durban, Pretoria & Johannesburg)
Low Income	R1 794.22
Low-middle Income	R2 314.87

Source: Health & Development Research Institute, UPE

The figure below shows that the average minimum wage across our sample of bargaining councils was R1609.68 per month, which is lower than any of the poverty datum lines captured here.

The average minimum monthly wage negotiated by the trade unions in our sample was R2097.97. This is marginally higher than the level of income defined as the Minimum Living Level, but less than the Household Subsistence Level for a low-middle income family and the Supplemented Living Level of R2314.87 and R2452.73 respectively.

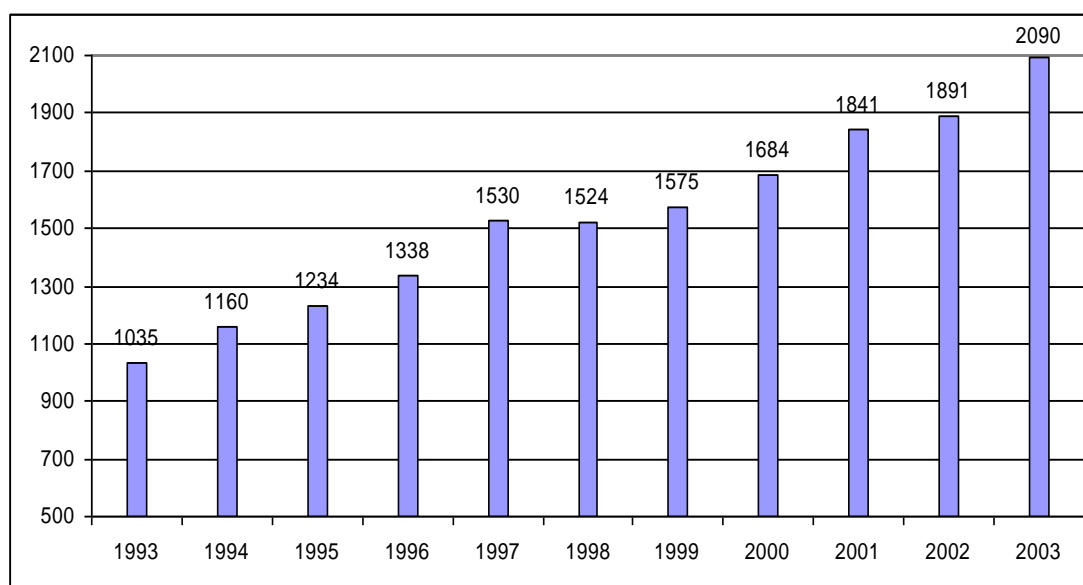
**Figure 14: Minimum Monthly Wage Compared To Poverty Datum Lines**



### Minimum Wages During the Past Decade

Data obtained from previous volumes of Bargaining Indicators shows that the average minimum wage attained by trade unions increased from R1160 in 1994 to R2090 in 2003. This is almost a 100% increase in Rand terms. Although the general trend has been an annual increase, in 1998 the average minimum wage was R6 lower than the average for 1997.

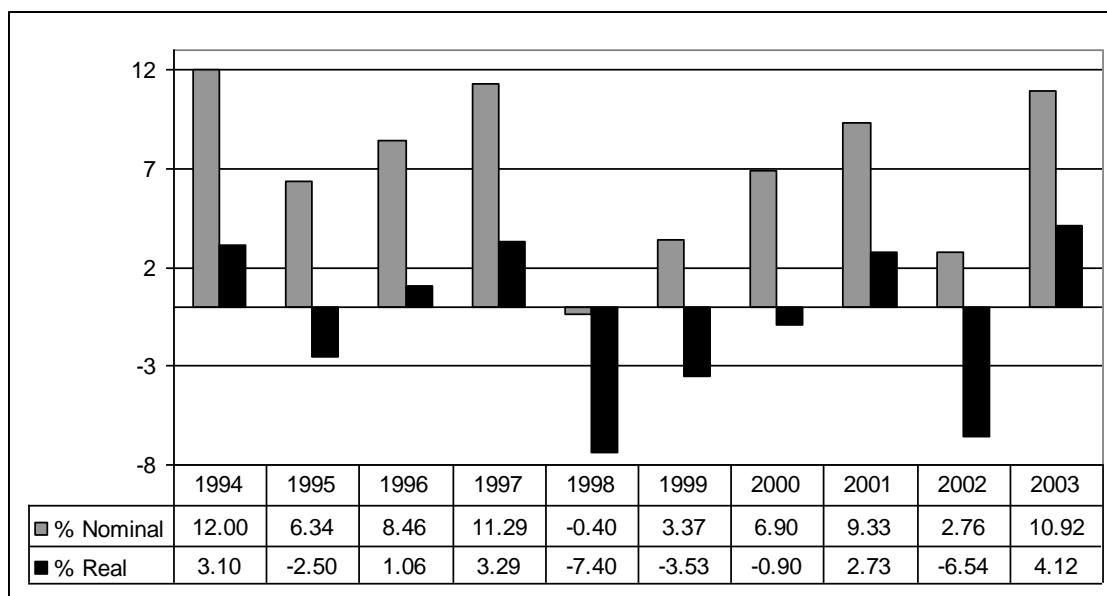
Figure 15: Average Minimum Wage (1993 – 2003)



The figure below compares nominal percentage increases and real percentage increases between 1994 and 2003. The data on nominal percentage changes shows that the highest nominal percentage increase of 12% was attained in 1994 and the lowest increase was 2.76% in 2002. In 1998, however there was a decrease of 0.4%.

The data on real wages (the nominal increase minus CPI-X inflation for that year) shows that percentage changes of the average minimum wage fluctuated greatly during the last decade. In 5 of the 10 years increases were below inflation, meaning that workers falling under minimum wage agreements signed by trade unions took a wage cut in those years. Looking further at the real percentage data shows that workers were hit hard in 1998 when they took a wage cut of 7.4% (the nominal percentage change was -0.4% for that year) and again in 2002 when they had a wage cut of 6.54%. What the real percentage also shows is that while in 1994 the average minimum wage increased nominally by a high 12%, this was only 3.1% in real terms due to high inflation. In fact the highest real percentage increase of minimum wages was in 2003 (4.12%).

**Figure 16: Nominal and Real % Increase of the Average Minimum Wage  
(1994 – 2003)**

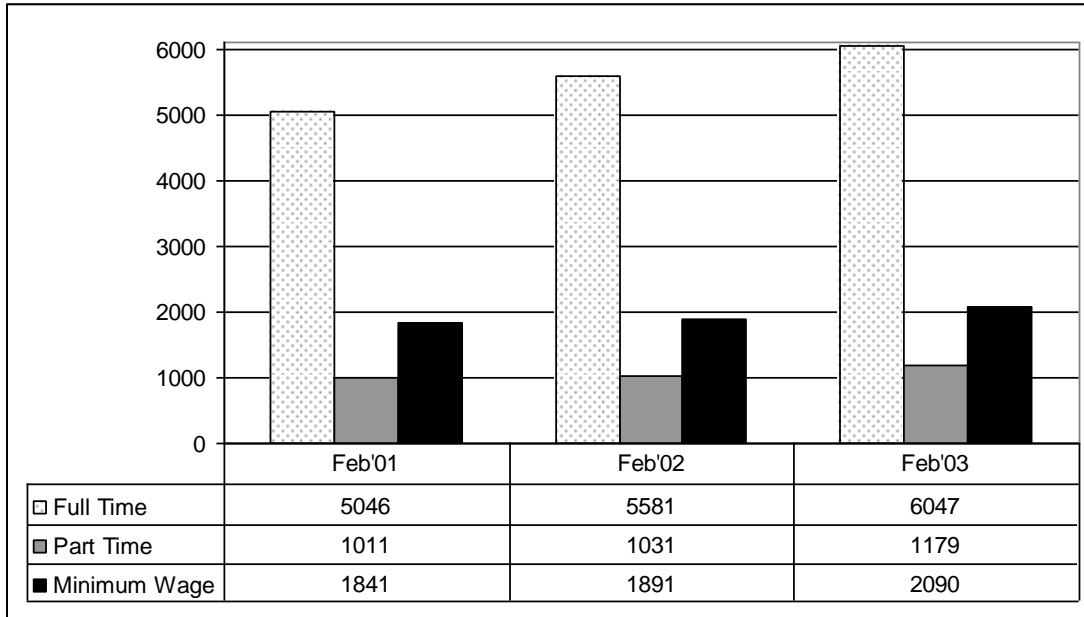


The figure below is composed of data from the Statistics South Africa's **Bulletin of Statistics** (2003: 2.27) for average earnings of full-time and part-time workers and compares it to the minimum wage for those years. What is shown is that while the average minimum wage is higher than the average earnings of a part-time employee, it is much lower than the average earnings of full-time workers.

It is also clear that even when the percentage increase is higher for the average minimum wage than for the average earnings of a full-time employee, in Rand terms the full-time employee still gets more of an increase. Average earnings of full-time employees went up by 8.34% in 2003 while the percentage increase for the average minimum wage was 10.92%. In Rand terms this meant that those earning a minimum wage received on average an increase of almost R200 while full-time employees increased their earnings by on average R500 (more than double the latter).



**Figure 17: Comparing Average Earning of Full-Time and Part-Time Employees with the Minimum Wage (2001 – 2003)**



***Conclusion:***

There is no doubt that minimum wages are paltry. While they are shocking this should not lead to dismay and disarmament. In fact the struggles around wages and increased benefits have continued. Industrial action reviewed in appendix one (follows this conclusion) reveals that while pressures to push wages down are stubborn and forceful, workers have not given up the fight. The struggle remains very defensive, fragmented and reaps few rewards, but is essential to protect what workers have won in the past and to chart out new strategies that will unite workers and build stronger organisation.

**Resources**

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3. Baboo, R. 2003. Inflation and Collective Bargaining. In *Bargaining Monitor*, Vol 19, No 156, December 2003.
4. Buchler, Moonsammy, Norton & Taylor. 2002. "*Know your LRA: A guide to the Labour Relations Act, 1995 (as amended): 2<sup>nd</sup> edition*". Department of Labour.
5. Bureau of Market Research. March 2003. *Minimum and Supplemented Living Levels in the Main and other Selected Urban Areas of the RSA*. Research Report No. 307.
6. Levy, A & Kelly, J. 2004. *22<sup>nd</sup> Annual Report on Labour relations in South Africa*, Andrew Levy Employment Publications.
7. Woolard, I. & Leibbrandt, M. October 1999. *Measuring Poverty in South Africa*. Development Policy Research Unit. UCT.
8. World Socialist Website (22 August 2003) (<http://www.wsws.org/articles/2003/aug2003/lab-a22.shtml>)

### ***Appendix One: Industrial Action and Disputes in 2003***

This appendix on industrial action and disputes is compiled from news paper reports and reports by Andrew Levy and Associates, as well as reports from the CCMA. While giving general information of strikes and disputes it also refers to particular cases where strikes occurred, e.g. The Equity Aviation strike, the ACSA strike, the ZZ2 strike, the Kraft strike, the Johnny Matthey strike, the Delta Motors strike, the National Health Laboratory Service strike and the Impala Platinum strike. It also highlights instances where strikes were averted at the last minute through hard bargaining with, for example, Seifsa; Durban Roodepoort Deep (DRD); AngloGold, Gold Fields; South Deep and Harmony; Eskom; and Salga.

According to Andrew Levy and Associates, strike activity has been on a downward trend since 1994. The number of man-days lost during the third quarter of 2003 was reportedly 375 000, compared to the 890 000 lost during the third quarter of 2002. In 2003, 700 000 man-days were lost due to strike action, while 945 000 were lost in 2002.

*"The attendant improvement in dispute resolution procedures has led to a greater predictability around the bargaining process and a sustained reduction in the incidence of strike action. It has also codified a number of issues such as retrenchment and dismissal, which were previously major strike triggers."(Levy & Associates, 2004).*

Long term wage agreements of between two and three years also contributed to the reduction in strikes. Such agreements had been reached in the automobile; metal and engineering; mining and public service sectors. Long term agreements are said to cover 52% of the workforce.

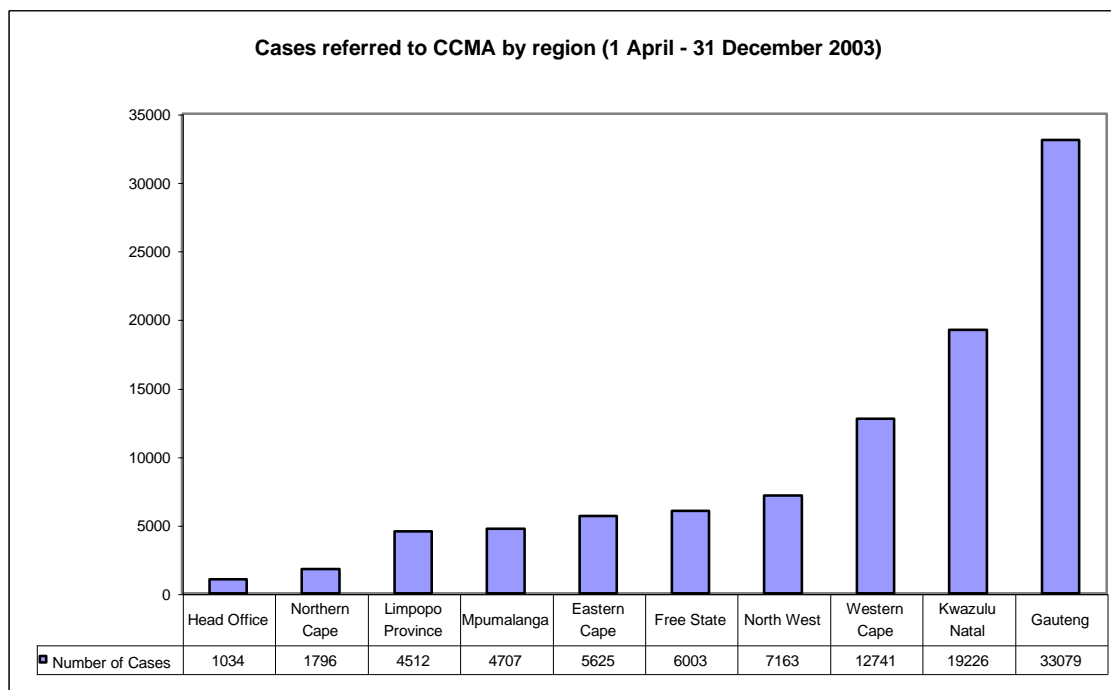
The same report says that strike action triggered by wage disputes accounted for 59% of man-days lost and 76% of the total number of strikes. Other grievances, including shift allocation, sick leave and funeral benefit schemes, accounted for 41% of man-days lost in 2003 and 23.5% of strikes.

Co- author of the report, Jackie Kelly, said there has been a marked shift in strike triggers in 2003. *"An unprotected 10-day strike in March, involving 18000 NUM (National Union of Mineworkers of SA) members at Impala Platinum Mines was triggered by changes to the company's funeral benefit scheme, which resulted in a call for access to the provident fund by the workers themselves. This was preceded by a month-long strike in February involving 400 Metrobus drivers and SAMWU (the South African Municipal Workers' Union) over changes to the shift allocation system."* (Business Day, 31 March 2004).

The Levy report indicates that the majority of man-days were lost in the retail sector (43%), followed by the mining industry (27%), metal and manufacturing (14.5%), building and construction (8.1%) and transport (3%). Most strikes involved 1000 or more workers with about 18 percent involving between 600 and 999 workers.

A total of 95 886 cases were referred to the Commission for Conciliation, Mediation and Arbitration (CCMA) over the period 1 April 2003 to 31 December 2003 (see the figure below). Gauteng recorded the highest number of cases (34.5% of all referrals) followed by KwaZulu-Natal (20%) and then the Western Cape (13%).

**Figure 18: Cases referred to CCMA by region (1 April - 31 December 2003)**



Source: CCMA

In the table below settlement rates are given for each province. The Northern Cape reflects the highest settlement rate of 78%, followed closely by the Free State with a rate of 72%. Gauteng recorded the poorest performance with a settlement rate of 43%, which is particularly significant given that the province also reported the highest volume of cases.

**Table XV: Settlement rate per region (1 April - 31 December 2003)**

Region	Settlement Rate
Eastern Cape	<b>53%</b>
Free State	72%
Gauteng	43%
Kwazulu Natal	59%
Limpopo Province	52%
Mpumalanga	63%
Northern Cape	<b>78%</b>
North West	56%
Western Cape	55%

Source: CCMA

The issue most often cited was that of unfair dismissal, which represented 82% of all cases referred to the CCMA. Collective bargaining issues represented only 3% of all cases referred.

The sector that referred the highest number of cases was the retail sector. Referrals from the domestic sector accounted for 12% of total referrals, an increase of 4% from the previous year, largely due to the sectoral wage determination promulgated in November 2002.

**Table XVI: Issues in dispute (1 April -31 December 2003)**

Highest referring issues in dispute (1 April - 31 December 2003)		Referrals by workplace sector (1 April - 31 December 2003)	
Issue	% of total referrals	Workplace Sector	% of total referrals
Unfair dismissal disputes	82%	Retail	17%
Unfair labour practice	7%	Domestic	12%
Matters of mutual interest	3%	Safety/Security (private)	10%
Severance pay	3%	Building/Construction	7%
Collective bargaining	3%	Business/Professional Services	7%
Other	3%	Food/Beverage (manufacture & processing)	5%
		Mining	4%

*Source: CCMA*

### **STRIKES DURING 2003**

#### *Equity Aviation Services (EAS) Strike – Transport Sector*

On 18 December 2003 workers at Equity Aviation Services (EAS) who are members of the South African Transport and Allied Workers Union (SATAWU) downed tools as a result of a deadlock over a 8% wage increase.

Equity Aviation tabled an offer of 6% conditional on the increase of working hours from 40 hours per week to 45 hours per week without increase in pay. Workers terms and conditions of employment are guaranteed in terms of the National Framework Agreement (NFA) entered into between SATAWU and the company upon its formation during 2003. According to the NFA the newly formed company would not alter wages and conditions of employment for at least 18 months.

SATAWU's demands were as follows:

- A 7.5% wage increase backdated to 1 April 2003.
- Move from a 40 hour to a 41 hour working week with compensation.

- All 120 dismissed workers to be reinstated unconditionally.
- To reverse all unilateral changes in the conditions of employment in particular travel subsidies, pay date and sick leave.
- Should drop its insistence on any new conditions in this round of negotiations until an 18-month period has expired.
- Should desist from undermining SATAWU and attempting to discredit the union in the eyes of its members.
- Should recognise existing collective agreements and engage with SATAWU around negotiating amendments thereto.
- Furthermore, workers would prefer that their 5% ESOP shares be handed back to Transnet to facilitate more control over the company by Government.

EAS and SATAWU after almost four months (week beginning the 19<sup>th</sup> April) agreed on a 12 percent wage increase, a move to a 45 hour working week, reinstatement of all workers dismissed and a two percent performance incentive. The company and the union will also undergo what they called a "relationship building exercise" in order to improve industrial relations and workplace environment.

#### ***Airports Company South Africa (ACSA) – Transport Sector***

On 7 October 2003 workers at Airports Company South Africa, who were members of the South African Transport and Allied Workers Union (SATAWU) embarked on a three week protected strike. The union demanded a 10% increase and a minimum monthly salary of R3 300.00.

ACSA offered a 7.5% increase and a minimum salary of R3 225.00 per month. The company and the union managed to reach a settlement on the 17 November 2003 with the union accepting the company's offer.

#### ***Kraft South Africa – Food and Beverage Sector***

On the 1 March 2003, 500 workers at Kraft South Africa declared a wage dispute with management. The company offered a 9% increase. The Food and Allied Workers Union (FAWU) tabled the following demands:

- A 12% across the board increase.
- The company to cover 100% medical aid.
- Night shift allowance to be increased by 25%.
- Six months paid maternity leave.
- Equitable overtime pay.

During the negotiations, FAWU indicated that it would accept a 9% increase only if the company agreed to the workers demand regarding severance pay, which should be calculated at a rate of four weeks pay for each completed year of service. Management declined this demand.

The union lowered its original demand of a 12% wage increase to 9%. The strike lasted one month before both parties could reach an agreement and a 9% wage increase was given to workers.

### ***ZZ2 – Food and Beverage Sector***

About 6000 workers went on strike at ZZ2, one of South Africa's largest tomato producers. Their demand was that ZZ2 management comply with the new legislated minimum wage of R650 per month for farm workers. Workers stated that they only received R300 per month.

When approached by the union (SAAPAWU), management indicated that they did comply with the new legislation; however, they deducted R260 for accommodation and a further R90 for food from the total R650.00 per month. Workers wanted management to stop deducting the R260 and R90 with immediate effect, but management retaliated by firing more than 1 100 workers. The matter was referred to the CCMA and then to the labour court.

On the 31 October 2003 an out-of-court settlement was reached with ZZ2. The dismissed workers were required to reapply for their jobs. ZZ2 accepted the new legislation unconditionally and chose not to apply for exemption from the new minimum wage determination.

### ***Johnson Matthey – Steel and Engineering Sector***

On 13 August 2003, about 700 workers at Johnson Matthey in Germiston near Johannesburg, who were members of NUMSA, took to the streets over wage increases after negotiations did not bring about agreement. Production returned to normal on August 19, with both sides claiming victory.

The National Union of Metalworkers of South Africa (NUMSA) claimed that the final settlement of a 12 percent wage increase was only 1 percent less than the original 13 percent demanded by the strikers, although a company spokesman claimed that it amounted to an average of 11.5 percent. The company also promised to gradually phase out labour brokers.

### ***Delta Motor Corporation – Steel and Engineering Sector***

Workers at Delta motor company went on a 10-days strike over a sick leave policy, which had led to the dismissal of 25 workers and disciplinary measures against 400 workers in the past three years. The existing sick leave policy does not comply with the Basic Conditions of Employment Act of 1995 (BCEA), which takes into account workers who suffer from chronic illness.

The company conceded and revamped the sick leave policy so that it complies with the conditions as set out in the BCEA. Management also agreed that disciplinary measures would not be taken against workers who had taken less than the 30 days sick leave over the three-year cycle as stipulated in the BCEA. In addition, workers would have to attend counselling sessions before disciplinary measures could be taken against them should they take more than the legislated number of days off sick.

### ***National Health Laboratory Service – Public Sector***

More than 3500 laboratory workers threatened strike action when their demands for a 12% wage increase were not met. After four months of negotiations between the union and the institution, Nehawu issued management with a 48 hour notice to comply or workers would embark on strike action.

Nehawu demanded that the institution:

- increase contribution to the workers medical aid from R1200 to R1400,
- increase workers living allowance form R770 to R1000, and
- agree to a 12% salary increase across the board.

Management offered 8% towards living allowance and a 4% salary increase. After management's refusal to comply to workers demands the union declared a strike which lasted 5 days, after which management complied.

### ***Impala Platinum – Mining Sector***

About 18 000 workers embarked on an illegal strike that lasted two-weeks at Impala Platinum Company, They were protesting over the company provident fund and the funeral benefits scheme.

Management obtained an order from the labour court declaring the strike illegal, but the impact of the strike on the company meant that management agreed to discuss the provident fund and restore the original funeral benefits scheme. It also promised not to take any disciplinary action against striking workers. The strike cost the company R265m and the workers loss approximately R24m in income.

## **STRIKES THAT WERE AVERTED AT THE LAST MINUTE THROUGH HARD BARGAINING**

### ***Seifsa – Steel and Engineering Sector***

Seifsa and the trade unions that represent approximately 230 000 workers in the Metal, Engineering Industry Bargaining Council were involved in a four-week long deadlock over pay increases. After much deliberation an agreement was reached on an increase of 10.5% for the lowest paid and 9% for the highest paid workers.

The unions, however, expressed disappointment at the fact that although they tabled 11 demands, management selected to negotiate only around the issue of wage increases. The unions' other demands included calls for an increase in family responsibility leave, that the use of labour-broker employees in the production process be restricted to a maximum of six months, and that there be provision of retroviral drugs for workers infected with HIV/AIDS.



### ***Durban Roodepoort Deep (DRD) – Mining Sector***

DRD owns three gold mines, which are Blyvoor, Hartebeesfontein and Buffelsfontein. The company withdrew from the chamber of mines in 2001 and aligned itself with the South African Mineral Development Association.

The union demanded a wage increase of 20%, and DRD first made an offer of 2% and then 4% at its Hartebeesfontein mine. It increased its offer from 4% to 7% at its most profitable mine, Blyvoor. The union rejected these offers and took the matter to the CCMA, which failed to bring the two parties to a mutual agreement.

To avoid the strike that would have involved 13 000 workers, the company made three different wage offers in its three gold mines. It conceded to a 10% wage increase for the highest paid workers and 12.5% for the lowest paid workers at Blyvoor. Hartebeesfontein received 8% and Buffelsfontein 10% across the board.

### ***Anglogold, Gold Fields, South Deep and Harmony – Mining Sector***

The National Union of Mineworkers tabled a demand of 20% across the board increase and a minimum wage of R2 000 per month for surface workers. Anglogold, Gold Fields and Harmony offered a 6.5% to 7% wage increase, but the union declined the offer.

After lengthy negotiations, the companies upped their offer from 6.5% to 8.75%, which the union still refused and threatened to go on strike. To avoid industrial action Anglogold raised its offer to between 9.5% and 10%. This was followed by South Deep, which increased its offer to between 9% and 9.5%. Gold Fields and Harmony also raised their offers to 9%, but the union rejected the latter offers.

During the negotiations the union indicated that if mining companies were unable to give 20% wage increases, they would consider offers of 10% across the board. On 27 July 2003 the union called off a proposed strike only three hours before mining companies conceded to workers demand of a 10% pay rise. The strike would have involved between 100 000 to 130 000 workers costing R125m a day in production. About R50m a day in wages for workers would have been lost if the strike had proceeded.

Some other demands that were agreed to were:

- Paid annual leave of 30 days
- Four months fully paid maternity leave
- Provisions for crèche, pre-school and breastfeeding facilities
- Employer contributions to the workers retirement fund to be increased from 12.5% to 13.5%
- Healthcare provisions for employees' immediate dependents on a 50% basis
- An increase starting in June 2004 of inflation plus 1%, and a guaranteed increase of 7%
- Five days family responsibility leave for women with small children

- Facilities for disabled employees
- A programme to abolish the hostel system, offering 50% normal accommodation including family housing within six years. The parties agreed to abolish the hostel system within 10 years.

***Eskom – Public Sector***

A strike of about 29 000 workers was averted when the company agreed to increase wages by 9.5% across the board. NUMSA and Eskom were deadlocked over wages after the company offered 9% against the unions' demand of 14%.

A two-year agreement was signed. The signing of the agreement avoided a strike that could have resulted in power disruption around the country. The increase will be backdated to the 1<sup>st</sup> of July 2003.

***Salga – Public Sector***

A municipal strike was averted when the union and Salga agreed to a pay rise of 10.5% with effect from 1 July 2003. The unions had demanded 11%. Imatu represented 70 000 workers and Sawmu 200 000 workers.

**Appendix Two: Trade Union Minimum Wage Data Set**

**Table XVII: CEPPWAWU Minimum Wage Data  
Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union**

Company	Weekly Working Hours	Implem. Date	% Increase	Min. Weekly Wage 2003	Min. Weekly Wage 2002	Real Wage % Inc. CPI-X:6.8%	Approximate number of workers
Action Chemical	45	1-Jul-03	9.0%	R 272.63	R 248.09	2.2%	25
Active Glass	45	1-Oct-03	8.5%	R 454.88	R 416.22	1.7%	20
Addington Saw Mill	45	1-Jan-03	7.1%	R 600.00	R 557.40	0.3%	27
Advtech (Guidline Study Aid)	40	1-Jan-03	10.0%	R 415.70	R 374.13	3.2%	19
Afric Mail Advertising	40	1-Jan-03	38.0%	R 415.70	R 257.73	31.2%	40
Africa Glass	42	1-Jul-03	9.0%	R 553.81	R 503.97	2.2%	40
Africa Glass (Eastern Cape)	45	1-Jul-03	9.5%	R 556.35	R 503.50	2.7%	7
Albion Chemical Company	42	1-Oct-03	13.0%	R 626.00	R 544.62	6.2%	7
Alpha Pharmaceutical Eastern Cape Distribution	40	1-Jul-03	7.0%	R 617.78	R 574.54	0.2%	40
APL Cartons	40	1-Oct-03	8.5%	R 412.00	R 376.98	1.7%	46
Atlantic Forming	40	1-Jul-03	8.5%	R 536.00	R 490.44	1.7%	130
Avery Dennison S.A/Jackstadt (Gauteng)	40	1-May-03	9.0%	R 679.66	R 618.49	2.2%	240
Bio Mineral	45	1-Jul-03	8.0%	R 224.48	R 206.52	1.2%	15
Box Lee	40	1-Jan-03	9.0%	R 604.15	R 549.78	2.2%	65
Brite Pak	40	1-Jul-03	9.0%	R 645.42	R 587.33	2.2%	46
Chep (Eastern Cape)	45	1-Jul-03	7.5%	R 660.81	R 611.25	0.7%	23
Chet Cosmetics & Toiletries	40	1-Jul-03	8.0%	R 577.36	R 531.17	1.2%	75
Citiwood Cape	40	1-Jan-03	8.0%	R 362.00	R 333.04	1.2%	30
Citiwood Denver	45	8-Jan-03	10.7%	R 615.33	R 549.49	3.9%	50
Classic Clean	45	30-Sep-03	9.0%	R 503.46	R 458.15	2.2%	57
Clear Channel Independent	45	1-Sep-02	8.5%	R 465.58	R 426.01	1.7%	34
Clover Leaf Candles	40	1-Jul-03	9.0%	R 556.81	R 506.70	2.2%	60
Colin Wells	40	1-Jul-03	8.0%	R 548.72	R 504.82	1.2%	2
Control Chemicals	45	1-Sep-03	9.5%	R 417.26	R 377.62	2.7%	25
Coprex	40	1-Jul-03	9.0%	R 578.47	R 526.41	2.2%	18
Craft Box Corrugated	40	1-Jul-03	9.4%	R 462.86	R 419.35	2.6%	280
Crown National	40	1-Jul-03	8.0%	R 424.01	R 390.09	1.2%	70
Design Products Enterprise	41.5	1-Jul-03	10.0%	R 508.08	R 457.27	3.2%	26
Duraprint	40	1-Jul-03	11.0%	R 564.32	R 502.24	4.2%	20
E.Schweickerdt	45	1-Jul-03	10.0%	R 508.08	R 457.27	3.2%	8
Easi Eight Amusements	41	7-Feb-03	5.0%	R 484.98	R 460.73	-1.8%	26
Eastern Cape Veneers	45	1-Jul-03	13.0%	R 167.60	R 145.81	6.2%	55
Elco Plastics	48	1-Jul-03	9.5%	R 333.94	R 302.22	2.7%	54
Emstel Graphics	40	1-Sep-03	11.2%	R 495.00	R 439.56	4.4%	21
F.G Hoffman	45	1-Jul-03	8.5%	R 593.47	R 543.03	1.7%	22
Fast Moving Consumer Goods	40	1-Jul-03	9.0%	R 531.17	R 483.36	2.2%	8000
Film Lab	40	1-Apr-03	8.0%	R 701.13	R 645.04	1.2%	22
Finewood Veneers	45	1-Jul-03	8.0%	R 543.89	R 500.38	1.2%	500

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First Graphics	40	1-Sep-03	8.0%	R 573.67	R 527.78	1.2%	11
Forms Media Independent	40	1-Jan-03	7.1%	R 346.42	R 321.82	0.3%	18
Germiston Stationers	44	1-Jul-03	9.5%	R 708.08	R 640.81	2.7%	33
Glasfit (Selby/Denver)	42	1-Apr-03	10.0%	R 584.29	R 525.86	3.2%	20
Glenpak	45	10-Jan-03	15.3%	R 450.00	R 381.15	8.5%	23
GR Pharmaceuticals	40	1-Jul-03	11.0%	R 508.08	R 452.19	4.2%	25
Grapetek	40	1-Jul-03	9.0%	R 508.08	R 462.35	2.2%	42
Hamilton Brush cc	42	1-Jul-03	8.0%	R 464.50	R 427.34	1.2%	70
Heidelberg Graphic Systems S.A	40	1-Apr-03	8.0%	R 660.96	R 608.08	1.2%	142
Heidelkor	40	1-Jul-03	30.0%	R 438.40	R 306.88	23.2%	18
Highbury Treated Timbers	45	1-Mar-03	7.0%	R 247.41	R 230.09	0.2%	43
Highland Print	40	1-Jan-03	8.0%	R 706.32	R 649.81	1.2%	146
Hi-Maur Labelling System	40	1-Jul-03	8.5%	R 576.32	R 527.33	1.7%	55
Independent Newspapers	40	1-Apr-03	8.0%	R 801.36	R 737.25	1.2%	257
Industrial Chemicals Sector	40	1-Jul-03	9.0%	R 577.36	R 525.40	2.2%	15000
Johnnic Publishing	42	1-Jul-03	6.0%	R 734.41	R 690.35	-0.8%	15
Kapula Candles	41	1-Sep-03	8.5%	R 193.17	R 176.75	1.7%	122
Kolok	40	1-Jul-03	8.5%	R 576.82	R 527.79	1.7%	47
Langkloof Sawmills (A Division of Uit Group)	41	1-Jul-03	8.0%	R 346.42	R 318.71	1.2%	18
Lesika	40	1-Jul-03	8.0%	R 355.87	R 327.40	1.2%	40
Liquid Colors	45	1-Jul-03	9.5%	R 568.99	R 514.94	2.7%	28
L'Oreal	40	1-Jul-03	10.5%	R 785.22	R 702.77	3.7%	180
Macbean Plastics	42.5	1-Jul-03	7.5%	R 381.06	R 352.48	0.7%	54
Macrall Timbers	42.8	1-Jul-03	3.0%	R 355.59	R 344.92	-3.8%	28
Maranatha Ceramic	45	1-Jul-03	4.1%	R 323.00	R 309.76	-2.7%	40
Marshall Manufacturing	43	1-Jul-03	10.0%	R 317.55	R 285.80	3.2%	15
Martin & Rebson	40	1-Jul-03	8.0%	R 623.55	R 573.67	1.2%	15
Masterfibre	45	1-Jun-03	10.7%	R 317.78	R 283.78	3.9%	7
Masterpack	40	1-Mar-03	8.0%	R 582.00	R 535.44	1.2%	70
Mercato Advertising Gifts	40	1-Jan-03	9.0%	R 689.37	R 627.33	2.2%	12
Mylaw Chemical & Coatings	40	1-Mar-03	11.0%	R 360.60	R 320.93	4.2%	38
Nampak Paper Recycling (Cape)	43	7-Apr-03	7.5%	R 599.85	R 554.86	0.7%	35
Nampak Paper Recycling (Gauteng)	42.8	24-Mar-03	7.5%	R 757.95	R 701.10	0.7%	24
National Petroleum Employer Association	42	1-Jul-03	9.0%	R 638.90	R 581.40	2.2%	6000
NND24	40	1-Jul-03	8.0%	R 624.24	R 574.30	1.2%	1000
Ocean Agriculture	45	1-Jul-03	7.0%	R 320.25	R 297.83	0.2%	30
Paarl Gravure	45	1-Jul-03	11.0%	R 906.27	R 806.58	4.2%	280
Paletaba Door Maker	45	1-Jun-03	12.8%	R 267.43	R 233.20	6.0%	43
Paper Packaging Employer Association	40	1-Jul-03	8.9%	R 521.24	R 474.85	2.1%	3000
Paragon Forms	40	1-Mar-03	17.0%	R 589.23	R 489.06	10.2%	19
Penny Pinchers	45	1-Jul-03	9.0%	R 356.71	R 324.61	2.2%	286
Performance Masterbatch	40	1-Jul-03	9.0%	R 629.33	R 572.69	2.2%	86
PG Bison	41.5	1-Jul-03	9.0%	R 497.58	R 452.80	2.2%	800
Pharmaceutical Industry	40	1-Jul-03	9.0%	R 623.55	R 567.43	2.2%	6000
Phatela	45	1-Jul-03	8.0%	R 242.61	R 223.20	1.2%	35
Pretoria Box Manufactures	40	1-Jul-03	8.5%	R 526.21	R 481.48	1.7%	52
Prima Toys	44	1-Jul-03	10.0%	R 439.97	R 395.97	3.2%	50
Razor Trimcut	41	1-Mar-03	7.5%	R 496.53	R 459.29	0.7%	24
Rebsons	40	1-Mar-03	8.0%	R 388.80	R 357.70	1.2%	70

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Revlon S.A	40	1-Jul-03	9.0%	R 528.63	R 481.05	2.2%	41	
Roll on Labels	45	1-Mar-03	9.4%	R 346.42	R 314.03	2.6%	20	
Rotapak	40	1-Jul-03	9.0%	R 450.67	R 410.11	2.2%	60	
Rotolabel	40	1-Jul-03	10.0%	R 600.46	R 540.41	3.2%	90	
Rotunda Cape cc	40.6	1-Oct-03	8.5%	R 572.46	R 524.09	1.7%	15	
Sasol Mining	48	1-Jul-03	10.0%	R 558.89	R 503.00	3.2%	6000	
Seyfret Corrugated	40	1-Jun-03	10.0%	R 544.50	R 490.05	3.2%	65	
Speciality Formulas	42	1-Aug-03	10.0%	R 457.27	R 411.54	3.2%	22	
Statmark	40	1-Mar-03	14.0%	R 587.99	R 505.67	7.2%	21	
Steinhoff Southern Cape	45	1-Jul-03	7.8%	R 373.21	R 344.29	0.9%	150	
Stripform	40	1-Oct-03	9.5%	R 400.00	R 362.00	2.7%	130	
Swift Box	40	1-Feb-03	9.0%	R 352.00	R 320.32	2.2%	35	
Technopol	44	1-Jul-03	9.5%	R 506.27	R 458.17	2.7%	23	
Transpaco Packaging	45	1-Jul-03	10.0%	R 605.00	R 544.50	3.2%	32	
Trend Merchandising	45	1-Oct-03	9.0%	R 484.98	R 441.33	2.2%	40	
Triumph	42.5	1-Jul-03	9.2%	R 415.00	R 376.82	2.4%	15	
Two Oceans Marine cc	42	1-Sep-03	5.0%	R 400.00	R 380.00	-1.8%	15	
Value Chemicals	40	1-Oct-03	8.6%	R 376.21	R 343.86	1.8%	18	
Waltons Stationery (Gauteng)	45	1-Jul-03	10.0%	R 685.91	R 617.32	3.2%	300	
Waltons Stationery (Cape)	40.8	1-Jan-03	10.0%	R 469.97	R 422.97	3.2%	900	
Wingwide Nineteen cc t/a Fume	45	1-Jul-03	10.5%	R 350.89	R 314.05	3.7%	25	
<b>Sample Size: 109</b>							<b>Total</b>	<b>52728</b>
<b>Average</b>	<b>42.03</b>		<b>9.5%</b>	<b>R 503.47</b>	<b>R 456.03</b>	<b>2.7%</b>	<b>488.22</b>	
<b>Minimum</b>	<b>40</b>		<b>3.0%</b>	<b>R 167.60</b>	<b>R 145.81</b>	<b>-3.8%</b>	<b>2</b>	
<b>Maximum</b>	<b>48</b>		<b>38.0%</b>	<b>R 906.27</b>	<b>R 806.58</b>	<b>31.2%</b>	<b>15000</b>	
<b>Median</b>	<b>41</b>		<b>9.0%</b>	<b>R 508.08</b>	<b>R 461.54</b>	<b>2.2%</b>	<b>40</b>	

Source: LRS Actual Wage Rates Database (AWARD)

**Table XVIII: FAWU Minimum Wage Data  
Food and Allied Workers' Union**

Company	Weekly Hours	Impl. Date	% Inc.	Min. Weekly Wage 2003	Min. Weekly Wage 2002	Real Wage % Inc. CPI-X:6.8%	Approx. no. of workers
Advance Seed	45	1-Mar-03	12.00%	R 336.00	R 295.68	5.20%	60
Alpine Swiss Foods cc	40	1-Mar-03	8.00%	R 302.40	R 278.21	1.20%	65
Alvoer (Alrode)	43	1-Mar-03	8.00%	R 419.37	R 385.82	1.20%	20
Anchor Yeast	43	1-May-03	12.00%	R 831.93	R 732.10	5.20%	158
Ashton Canning	45	1-Oct-03	7.50%	R 554.69	R 513.09	0.70%	2000
Beacon Sweets & Chocolates	43	1-Jun-03	8.50%	R 918.91	R 840.80	1.70%	1151
Blue Marine Cape	45	1-Mar-03	10.00%	R 431.24	R 388.12	3.20%	18
Bokomo/Sasko Cat 1 Aliwal-Noord Depot	45	1-Jul-03	8.50%	R 413.88	R 378.70	1.70%	1200
Bokomo/Sasko Cat 1 Klawer Depot	45	1-Jul-03	8.50%	R 398.22	R 364.37	1.70%	
Bokomo/Sasko Cat 1 Mosselbaai/Ellisras	45	1-Jul-03	8.50%	R 397.99	R 364.16	1.70%	
Bokomo/Sasko Cat 1 Oudtboom Depot	45	1-Jul-03	8.50%	R 398.29	R 364.44	1.70%	
Bokomo/Sasko Cat 2 Giyane/Tzaneen Vryheid	45	1-Jul-03	8.50%	R 558.70	R 511.21	1.70%	
Bokomo/Sasko Cat 2 Kimberley/Malmesbury	45	1-Jul-03	8.50%	R 599.85	R 548.86	1.70%	
Bokomo/Sasko Cat 3 Britz/Ladysmith/Worcester	45	1-Jul-03	8.50%	R 613.90	R 561.72	1.70%	
Bokomo/Sasko Cat 4 Aeron/Krugersdorp	45	1-Jul-03	8.50%	R 667.47	R 610.74	1.70%	
Bokomo/Sasko Cat 4 Duens	45	1-Jul-03	8.50%	R 707.95	R 647.77	1.70%	
British American Tobacco Manufacturers S.A	45	1-Apr-03	8.70%	R 1,011.17	R 923.20	1.90%	
Bromor Foods-Cape	42.5	1-Aug-03	8.70%	R 697.42	R 636.74	1.90%	180
Bromor Foods-Durban	44	1-Aug-03	8.70%	R 784.85	R 716.57	1.90%	105
Bromor Foods-Gauteng	44	1-Aug-03	8.70%	R 786.29	R 717.88	1.90%	115
Cadbury	44	1-Jun-03	9.00%	R 918.91	R 836.21	2.20%	291
Cake Flora	45	1-Jan-03	8.00%	R 577.36	R 531.17	1.20%	38
Ceres Fruits Growers	45	1-Aug-03	7.00%	R 446.66	R 415.39	0.20%	1400
Cirio Del Monte	45	1-Oct-03	7.50%	R 559.33	R 517.38	0.70%	1525
Clover SA	45	1-Jul-03	10.00%	R 484.98	R 436.48	3.20%	7000
Commercial Cold Storage (W.C)	45	1-Oct-03	8.00%	R 649.59	R 597.62	1.20%	150
Credin Bakery Supplies	45	1-Jul-03	7.00%	R 734.25	R 682.85	0.20%	35
D.J Diners	45	1-Feb-03	8.80%	R 275.85	R 251.58	2.00%	8
Denny Mushrooms	45	1-May-03	9.00%	R 365.01	R 332.16	2.20%	150
Early Bird Farms	45	1-Sep-03	6.60%	R 546.20	R 510.15	-0.20%	814
Eikenhof Brandwag Farms	45	30-Sep-03	10.50%	R 285.53	R 255.55	3.70%	25
Epic Foods	45	1-Mar-03	6.00%	R 416.76	R 391.75	-0.80%	120
Epol Milling-RDPT	45	1-Jul-03	8.00%	R 805.77	R 741.31	1.20%	20
Epol Milling-Berlin	45	1-Jul-03	8.00%	R 679.67	R 625.30	1.20%	34
Epol Milling-PMB	45	1-Jul-03	8.00%	R 805.77	R 741.31	1.20%	114
Epol Milling-PTA	45	1-Jul-03	8.00%	R 805.77	R 741.31	1.20%	34
Epol Milling-Rustenburg	42.5	1-Jul-03	8.00%	R 760.73	R 699.87	1.20%	33
Epol Milling-Worcester	45	1-Jul-03	8.00%	R 776.67	R 714.54	1.20%	28
Eskort	45	1-Mar-03	10.00%	R 330.76	R 297.68	3.20%	230
Fifers Bakery	44	1-Mar-03	13.00%	R 565.00	R 491.55	6.20%	252
Freddy Hirsch Group (Jhb & Nelspruit)	45	1-Jul-03	9.00%	R 563.37	R 512.67	2.20%	63
Geest S.A (Spring Valley Foods)	45	1-Jul-03	8.00%	R 839.32	R 772.17	1.20%	384
Gemini Spice Company	45	1-Jan-03	9.50%	R 549.00	R 496.85	2.70%	20
Grobler Milk	45	1-Aug-03	10.00%	R 472.51	R 425.26	3.20%	75
Halewood Breweries S.A	45	1-Jul-03	10.40%	R 484.43	R 434.05	3.60%	120
Hovennuts	40	1-Jan-03	15.00%	R 320.00	R 272.00	8.20%	60

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Illovo Sugar-Germiston Bulk Depot	40	1-Apr-03	9.50%	R 786.78	R 712.04	2.70%	16
InterAfrica Retail Brands	40	1-Aug-03	8.00%	R 400.00	R 368.00	1.20%	120
Kellogs S.A	40	1-Feb-03	8.50%	R 892.95	R 817.05	1.70%	79
KSM Distributors	44	1-Jan-03	6.00%	R 455.57	R 428.24	-0.80%	6
Maximix Food t/a Masterbake	45	1-Jul-03	11.60%	R 335.00	R 296.14	4.80%	170
McCain Foods	45	1-Jul-03	9.40%	R 688.45	R 623.74	2.60%	110
Meadow Feed Mills	44	1-Oct-03	8.00%	R 598.61	R 550.72	1.20%	100
Moishe's Grill cc	43	1-Dec-02	9.00%	R 360.00	R 327.60	2.20%	22
Nabisco.S.A Chloorkop & Tunney (Kraft FoodsS.A)	44	1-Apr-03	9.00%	R 893.00	R 812.63	2.20%	95
Natalagri	43	1-Mar-03	5.00%	R 546.00	R 518.70	-1.80%	98
Nestle Ice-Cream Business Unit (Cape Town Depot)	45	1-Jul-03	9.50%	R 706.86	R 639.71	2.70%	112
Nestle Ice-Cream Business Unit (Clayville Factory Gtng)	45	1-Jul-03	9.00%	R 748.27	R 680.93	2.20%	57
Nestle Ice-Cream Business Unit (Durban Depot)	45	1-Jul-03	9.50%	R 710.10	R 642.64	2.70%	32
Nestle Ice-ream Business Unit (East London)	45	1-Jul-03	9.50%	R 663.67	R 600.62	2.70%	12
Nestle Ice-Cream Business Unit (Inland-Bloemfontein)	45	1-Jul-03	9.50%	R 663.67	R 600.62	2.70%	17
Nestle Mineral Water (Valvita Proprietary)	45	1-Jul-03	17.10%	R 346.42	R 287.18	10.30%	45
Nestle S.A	42	1-Jan-03	9.50%	R 1,045.00	R 945.73	2.70%	1300
Nutritional Foods	46	1-Apr-03	9.00%	R 734.05	R 667.99	2.20%	64
Orley Foods	42	1-Mar-03	8.00%	R 637.00	R 586.04	1.20%	69
Pannar Research Service	45	1-Dec	15.80%	R 347.80	R 292.85	9.00%	350
Parmalat	45	1-Feb-03	9.70%	R 430.69	R 388.91	2.90%	500
Pie Works	40	1-Oct-03	11.50%	R 334.87	R 296.36	4.70%	16
Pillsbury Bakery	45	1-Oct-03	16.00%	R 668.54	R 561.57	9.20%	40
Polony King cc	45	1-Mar-03	19.50%	R 300.00	R 241.50	12.70%	23
Q-Meats cc /Essmor Meats cc	43	3-Jun-03	14.00%	R 560.00	R 481.60	7.20%	100
Rainbow Farms/Chickens	45	1-Apr-03	9.00%	R 603.45	R 549.14	2.20%	4000
Retail Brands InterAfrica	40	1-Aug-03	8.00%	R 400.00	R 368.00	1.20%	120
RFF Foods	45	1-Oct-04	8.50%	R 542.25	R 496.16	1.70%	1000
S.A Pelagic Fishing Processors	45	1-Aug-03	9.60%	R 597.15	R 539.82	2.80%	500
SAB & Southern Associated Maltsters	45	1-Jul-03	9.00%	R 958.50	R 872.24	2.20%	3000
SAD Holding	45	1-Jan-03	7.00%	R 530.13	R 493.02	0.20%	804
Sasko Maize Mills	45	1-Jul-03	11.80%	R 490.76	R 432.85	5.00%	300
Sea Harvest Operation	45	1-Jul-03	8.00%	R 589.95	R 542.75	1.20%	1300
Seavuna Fishing Co	45	1-Apr-03	10.00%	R 493.20	R 443.88	3.20%	130
Shumba Valley Lodge	45	1-Oct-02	12.50%	R 207.85	R 181.87	5.70%	60
Simba	40	1-Apr-03	9.40%	R 804.14	R 728.55	2.60%	1000
Simonsberg Cheese	43	1-Jun-03	6.00%	R 789.14	R 741.79	-0.80%	91
Snowserv	45	1-Apr-03	11.80%	R 565.00	R 498.33	5.00%	22
Swan Salt	45	1-Sep-03	8.50%	R 542.50	R 496.39	1.70%	40
The Parktonian All Suit Hotel	45	1-Mar-03	8.50%	R 487.12	R 445.71	1.70%	43
TJC Holdings	45	1-Apr-03	9.50%	R 805.06	R 728.58	2.70%	500
UBR Food Solutions	45	1-Apr-03	9.25%	R 973.59	R 883.53	2.45%	71
United National Breweries	44	1-Apr-03	6.70%	R 752.29	R 701.89	-0.10%	64
<b>Sample Size: 89</b>						<b>Total</b>	<b>35137</b>
<b>Average</b>	<b>44.19</b>		<b>9.35%</b>	<b>593.65</b>			<b>433.79</b>
<b>Minimum</b>	<b>40</b>		<b>5.00%</b>	<b>207.85</b>			<b>6</b>
<b>Maximum</b>	<b>46</b>		<b>19.50%</b>	<b>1045</b>			<b>7000</b>
<b>Median</b>	<b>45</b>		<b>8.70%</b>	<b>565</b>			<b>100</b>

Source: LRS Actual Wage Rates Database (AWARD)

**Table XIX: NUFBWSAW Minimum Wage Data**  
**National Union of Food, Beverage, Wine, Spirits and Allied Workers**

Company	Weekly Working Hours	Imp. Date	% Inc.	Min. Weekly Wage 2003	Min. Weekly Wage 2002	Real Wage % Inc. CPI-X:6.8%	Appr. no. of workers
Bo-Matrosfontein	45	1Aug-03	9.0%	R 180.00	R 163.80	2.2%	25
Bootleggers Cellars Group	45	1-Jul-03	9.0%	R 278.09	R 253.06	2.2%	150
Early Bird Farms	45	1Sep-03	6.6%	R 546.20	R 510.15	-0.2%	814
Elandsberg Farm	45	1Mar-03	10.0%	R 193.83	R 174.45	3.2%	31
Grape Farm	45	1-Jul-03	4.6%	R 175.00	R 166.95	-2.2%	80
Huisvergenoezd	45	1Mar-03	8.5%	R 300.23	R 274.71	1.7%	10
Josh Levy Trading	45	1Aug-03	9.0%	R 411.16	R 374.16	2.2%	15
Le Bonheur Estate	45	1May03	7.6%	R 358.40	R 331.16	0.8%	15
Lusitania Food Products	45	1Mar-03	8.75%	R 429.02	R 391.48	2.0%	50
Matrosfontein	45	1Oct-03	9.0%	R 190.75	R 173.58	2.2%	45
McGregor Wynkelder	45	1Sep-03	9.0%	R 354.94	R 323.00	2.2%	7
Mount Piquer	45	1-Jul-03	10.0%	R 577.36	R 519.62	3.2%	60
Nucellar Nurseries	45	1-Jul-03	8.0%	R 227.89	R 209.66	1.2%	59
Nuwehoop Wynkelder (Grooteiland Winery)	45	1Sep-03	9.0%	R 354.18	R 322.30	2.2%	10
Overhex Vineyards	45	1May03	9.2%	R 311.22	R 282.59	2.4%	2
Perdeberg Wynboere Koop	45	1Oct-02	9.5%	R 428.14	R 387.47	2.7%	8
Pick'n Pay (Robertsons)	45	1May03	9.5%	R 303.46	R 274.63	2.7%	125
Raimondi's Wholesalers	45	1-Jul-03	8.5%	R 275.63	R 252.20	1.7%	19
Roodezandt Wynkelder	45	1-Jul-03	8.7%	R 393.37	R 359.15	1.9%	17
S.A Wine and Spirits Indust. Employers Ass.	44	1Apr-03	10.0%	R 705.23	R 634.71	3.2%	1600
Western Investment Company	45	1Sep-04	10.0%	R 300.23	R 270.21	3.2%	55
Wine Corp	45	1Aug-03	9.0%	R 456.56	R 415.47	2.2%	69
<b>Sample Size: 22</b>						<b>Total</b>	<b>3266</b>
<b>Average</b>	<b>44.95</b>		<b>8.75%</b>	<b>R 352.31</b>	<b>R 321.11</b>	<b>1.95%</b>	<b>148.45</b>
<b>Minimum</b>	<b>44</b>		<b>4.60%</b>	<b>R 175.00</b>	<b>R 163.80</b>	<b>-2.20%</b>	<b>2</b>
<b>Maximum</b>	<b>45</b>		<b>10.0%</b>	<b>R 705.23</b>	<b>R 634.71</b>	<b>3.20%</b>	<b>1600</b>
<b>Median</b>	<b>45</b>		<b>9.00%</b>	<b>R 332.70</b>	<b>R 302.45</b>	<b>2.20%</b>	<b>38</b>

Source: LRS Actual Wage Rates Database (AWARD)



**Table XX: NUM Minimum Wage Data  
National Union of Mineworkers**

Company	Weekly Working Hours	Implem. Date	% Increase	Min. Weekly Wage 2003	Min. Weekly Wage 2002	Real Wage % Inc. CPI-X:6.8%	Approximate number of workers
Afriore Springlake (Non-Staff Underground)	45	1-Jul-03	20.0%	R 461.89	R 385.21	13%	123
Afriore Springlake (Staff Surface)	45	1-Jul-03	10.0%	R 475.75	R 432.56	3%	
Alexkor	45	1-Jul-03	8.0%	R 377.36	R 349.41	1%	271
Anglo Coal (Non-Staff Surface)	45	1-Jul-03	10.0%	R 508.08	R 461.89	3%	2733
Anglo Coal (Non-Staff Underground)	45	1-Jul-03	10.0%	R 546.18	R 496.53	3%	
Anglo Coal (Staff Surface)	45	1-Jul-03	10.0%	R 555.42	R 504.84	3%	
Anglo Coal (Non-Staff Opencast)	45	1-Jul-03	10.0%	R 546.18	R 496.53	3%	
Anglo Gold (Non-Staff Surface)	45	1-Jul-03	10.0%	R 442.03	R 401.84	3%	8875
Anglo Gold (Non-Staff Underground)	45	1-Jul-03	10.0%	R 508.08	R 461.89	3%	
Anglo Gold (Staff Surface)	45	1-Jul-03	10.0%	R 457.73	R 416.16	3%	
Anglo Gold (Staff Underground)	45	1-Jul-03	10.0%	R 548.26	R 498.38	3%	
Black Mountain Division of Anglo Operation	45	1-Apr-03	10.0%	R 548.72	R 498.84	3%	754
C.B.S Manufacturing	45	1-Apr-03	8.5%	R 577.80	R 531.90	2%	37
Cabrico Brickfields	45	1-Jan-03	6.0%	R 472.05	R 445.05	-1%	60
Cape Concrete	45	1Mar-03	8.0%	R 472.50	R 437.40	1%	360
Cape Feldspar	46	1-Jan-03	15.3%	R 345.00	R 299.00	9%	23
Corobrick	45	1-Jan-03	9.0%	R 434.70	R 398.70	2%	80
De Beers Marine (Namibia)	45	1Mar-03	10.0%	R 691.91	R 622.72	3%	156
Eyesizwe Coal (Non-Staff Surface)	45	1-Jul-03	10.0%	R 508.08	R 461.89	3%	670
Eyesizwe Coal (Non-Staff Underground)	45	1-Jul-03	10.0%	R 546.18	R 496.53	3%	
Eyesizwe Coal (Staff Surface)	45	1-Jul-03	10.0%	R 546.18	R 496.53	3%	
Gariep Diamond Mining	45	1-Jun-03	13.5%	R 438.79	R 386.60	7%	25
Gold Fields Beatrix (Non-Staff Surface)	45	1-Jul-03	12.9%	R 409.46	R 362.58	6%	2646
Gold Fields Beatrix (Non-Staff Underground)	45	1-Jul-03	10.0%	R 508.08	R 461.89	3%	
Harmony Elandskraal (Staff Surface)	45	1-Jul-03	10.0%	R 453.81	R 412.47	3%	4933
Harmony Elandskraal (Staff Underground)	45	1-Jul-03	10.0%	R 508.08	R 461.89	3%	
Harmony Free State (Non-Staff Underground)	45	1-Jul-03	10.0%	R 508.08	R 461.89	3%	6319
Harmony Free State (Staff Surface)	45	1-Jul-03	10.0%	R 445.49	R 405.08	3%	
Harmony Freegold (Staff Surface)	45	1-Jul-03	10.0%	R 439.49	R 399.53	3%	
Harmony Freegold (Staff Underground)	45	1-Jul-03	10.0%	R 508.08	R 461.89	3%	
Harmony Freegold St Helen (Non-Staff Underground)	45	1-Jul-03	10.0%	R 508.08	R 461.89	3%	
Harmony Freegold St Helen (Staff Surface)	45	1-Jul-03	10.0%	R 457.73	R 416.16	3%	
Harmony Freegold St Helen (Staff Underground)	45	1-Jul-03	10.0%	R 548.26	R 498.38	3%	
Harmony Kalgold (Staff Surface)	45	1-Jul-03	10.0%	R 445.49	R 405.08	3%	
Harmony Leslie (Non-Staff Surface)	45	1-Jul-03	12.9%	R 409.00	R 362.35	6%	
Harmony Leslie (Non-Staff Underground)	45	1-Jul-03	10.0%	R 508.08	R 461.89	3%	
Harmony Leslie (Staff Surface)	45	1-Jul-03	10.0%	R 451.96	R 410.85	3%	
Harmony Leslie (Staff Underground)	45	1-Jul-03	10.0%	R 508.08	R 461.89	3%	
Harmony Masimong (Non-Staff Surface)	45	1-Jul-03	10.0%	R 430.02	R 390.99	3%	1668

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Harmony Masimong (Non-Staff Underground)	45	1-Jul-03	10.0%	R 508.08	R 461.89	3%	
Harmony Masimong (Staff Surface)	45	1-Jul-03	10.0%	R 445.49	R 405.08	3%	
Harmony Masimong (Staff Underground)	45	1-Jul-03	10.0%	R 508.08	R 461.89	3%	
Harmony REL (Non-Staff Surface)	45	1-Jul-03	12.4%	R 410.85	R 365.58	6%	
Harmony REL (Non-Staff Underground)	45	1-Jul-03	10.0%	R 508.08	R 461.89	3%	
Harmony REL (Staff Surface)	45	1-Jul-03	12.4%	R 410.85	R 365.58	6%	
Harmony St Helena (Non-Staff Surface)	45	1-Jul-03	12.9%	R 409.46	R 362.58	6%	
Harmony Winkelhaak & Kinross (Non-Staff Underground)	45	1-Jul-03	10.0%	R 508.08	R 461.89	3%	4952
Harmony Winkelhaak & Kinross (Staff Surface)	45	1-Jul-03	10.0%	R 437.41	R 397.69	3%	
Harmony Winkelhaak & Kinross (Staff Underground)	45	1-Jul-03	10.0%	R 508.08	R 461.89	3%	
Harmony Winkelhaak & Kinross(Non-Staff Surface)	45	1-Jul-03	12.9%	R 409.00	R 362.35	6%	
HP Plum	45	1-Oct-03	7.0%	R 225.00	R 213.75	0%	8
Iliad Africa Trading t/a Just Tiles Western Cape Sanware	40	1-Jan-03	8.0%	R 371.82	R 342.07	1%	32
Infrasat	40	7-Jan-03	12.0%	R 579.71	R 517.60	5%	49
Infrasat (Brakpan)	45	1-Jul-03	9.5%	R 526.05	R 480.60	3%	110
Ingwe Coal Corporation (Non-Staff Surface)	45	1-Jul-03	11.8%	R 516.16	R 461.89	5%	4530
Ingwe Coal Corporation (Non-Staff Underground)	45	1-Jul-03	11.7%	R 554.50	R 496.53	5%	
Ingwe Coal Non-Staff Opencast	45	1-Jul-03	11.7%	R 554.50	R 496.53	5%	
Joostenberg Bricks	45	1Aug-03	9.0%	R 458.61	R 420.75	2%	27
Kangra Savmore Coal (Staff Surface)	45	1-Jul-03	10.0%	R 616.39	R 560.27	3%	670
Kangra Welgedacht (Non-Staff Surface)	45	1-Jul-03	11.0%	R 461.89	R 415.70	4%	51
Kangra Welgedacht (Staff Surface)	45	1-Jul-03	11.1%	R 461.89	R 415.70	4%	
Killarney Brickfields	45	1-Jan-03	9.5%	R 445.05	R 406.35	3%	169
Kumba Coal	45	1-Jul-03	9.0%	R 461.89	R 404.38	2%	15000
Kuyasa Delmas (Non-Staff Surface)	45	1-Jul-03	9.5%	R 556.35	R 508.08	3%	
Kuyasa Delmas (Non-Staff Underground)	45	1-Jul-03	9.5%	R 598.15	R 546.18	3%	
Kuyasa Delmas Coal (Non-Staff Opencast)	45	1-Jul-03	9.5%	R 598.15	R 546.18	3%	
Lafarge Roofing (Cape Town Works)	45	1-Jan-03	10.0%	R 520.65	R 468.58	3%	200
Lafarge S.A	45	1-Jan-03	9.5%	R 507.29	R 470.26	3%	565
Marlin Granite (Bloemhoek/Bitterfontein & Garries Quarries)	44	1-Jul-03	9.9%	R 371.71	R 337.92	3%	85
Nabuild t/a Federated Timbers (Paarl)	40	1May-03	8.0%	R 357.14	R 330.69	1%	20
Namakwa Sands	45	1-Apr-03	9.8%	R 745.36	R 679.17	3%	85
Old World Concrete	45	1-Jul-03	8.0%	R 278.10	R 255.86	1%	26
O'Kiep Copper Company	45	1-Jul-03	11.3%	R 444.52	R 399.30	5%	666
P&B Limeworks	45	1Mar-03	9.4%	R 508.08	R 464.20	3%	19
Plumbink Parow & Bellville	45	1-Jul-03	12.5%	R 461.89	R 410.62	6%	14
Prime Kliebrekers	45	1-Jan-03	13.0%	R 450.00	R 247.50	6%	215
Rocla (George)	45	5Mar-03	8.5%	R 226.35	R 273.40	2%	11
S A Stone cc	45	1-Jun-03	8.5%	R 423.15	R 390.00	2%	31
Schultz Brick Sorting	45	1-Jan-03	9.0%	R 381.50	R 347.43	2%	69
Serina Kaoline	40	1-Jul-03	7.0%	R 554.40	R 518.40	0%	40
Silicon Technology	42	1-Jan-03	11.5%	R 585.82	R 525.40	5%	250
South Deep (Non-Staff Surface)	45	1-Jul-03	12.9%	R 408.77	R 362.12	6%	11488
South Deep (Staff Surface)	45	1-Jul-03	12.9%	R 408.77	R 362.12	6%	
Topstone	42	7May-03	8.0%	R 400.00	R 368.00	1%	69
Vereeniging Refractories (Rietfontein)	45	1-Jul-03	8.5%	R 522.90	R 481.95	2%	107
Wit Deep Stone Crushers cc	45	1-Jul-03	8.5%	R 320.00	R 292.80	2%	80

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Xstrata Coal (Non-Staff Surface)	45	1-Jul-03	10.0%	R 477.59	R 434.18	3%		
Xstrata Coal (Non-Staff Underground)	45	1-Jul-03	10.0%	R 525.40	R 477.59	3%		
Xstrata Coal (Staff Surface)	45	1-Jul-03	10.0%	R 477.59	R 434.18	3%		
Impala Platinum (Rustenburg Operations) Non-Staff Surface	45	1-Jul-03	9.5%	R 632.79	R 600.92	3%	15830	
Impala Platinum (Rustenburg Operations) Non-Staff Underground	45	1-Jul-03	9.5%	R 638.79	R 577.83	3%		
Impala Platinum (Staff Surface)	45	1-Jul-03	9.5%	R 642.26	R 586.61	3%		
Impala Platinum (Staff Underground)	45	1-Jul-03	9.5%	R 696.99	R 636.49	3%		
Impala Platinum Refineries	45	1-Jul-03	9.5%	R 855.88	R 781.52	3%		
CIK Concrete cc	43	1-Jul-03	9%	R 475.00	R 432.25	2%	67	
<b>Sample Size: 94</b>							<b>Total</b>	<b>85268</b>
<b>Average</b>	<b>44.71</b>		<b>10.18%</b>	<b>R 488.61</b>	<b>R 636.67</b>	<b>3.38%</b>	<b>1740.16</b>	
<b>Minimum</b>	<b>40</b>		<b>6.00%</b>	<b>R 225.00</b>	<b>R 577.83</b>	<b>-0.80%</b>	<b>8</b>	
<b>Maximum</b>	<b>46</b>		<b>20.00%</b>	<b>R 855.88</b>	<b>R 781.52</b>	<b>13.20%</b>	<b>15830</b>	
<b>Median</b>	<b>45</b>		<b>10.00%</b>	<b>R 492.44</b>	<b>R 600.92</b>	<b>3.20%</b>	<b>110</b>	

Source: LRS Actual Wage Rates Database (AWARD)

**Table XXI: SACCAWU Minimum Wage Data**  
**South African Commercial, Catering and Allied Workers' Union**

Company	Weekly Working Hours	Implem. Date	% Inc.	Min. Weekly Wage 2003	Min. Weekly Wage 2002	Real Wage % Inc. CPI-X:6.8	Approx. no. of workers
Blumblink	45	1-Jul-03	8.0%	R 565.81	R 520.55	1.2%	21
Boxer Superstores	45	1Mar-03	14.0%	R 345.26	R 296.92	7.2%	2000
Bulwer Supply Stores	45	1May-03	10.0%	R 165.12	R 148.61	3.2%	13
Clicks Stores	45	1-Jul-03	15.0%	R 359.12	R 305.25	8.2%	500
Clover SA	45	1-Jul-03	10.0%	R 484.98	R 436.48	3.2%	7000
Discom	45	1-Oct-03	16.0%	R 334.87	R 281.29	9.2%	2000
Exhibition Stand Systems	45	1Feb-03	7.6%	R 646.65	R 597.50	0.8%	8
Eyethu Fishing	45	1Jan-03	8.5%	R 308.24	R 282.04	1.7%	220
Fairy Tales Boutiques cc	45	1Mar-03	10.8%	R 471.13	R 420.25	4.0%	10
Federated Timbers (Hillcrest)	45	1-Oct-03	8.5%	R 569.06	R 520.69	1.7%	4
Freshmark	45	1-Jul-03	9.0%	R 277.13	R 252.19	2.2%	30
Freshmark (Durban)	45	1-Jul-03	8.0%	R 251.91	R 231.76	1.2%	72
Garden Grove Retirement Complex	45	1-Jul-03	13.7%	R 381.06	R 328.85	6.9%	24
Gastaldi	45	1-Apr-03	12.5%	R 360.00	R 315.00	5.7%	26
Hilton Village Kwik Spar	45	1Mar-02	15.0%	R 265.60	R 225.76	8.2%	23
JDG Trading	45	1Feb-03	9.5%	R 530.48	R 480.08	2.7%	8000
Johnnic Entertainment	45	1-Apr-03	8.5%	R 501.15	R 458.55	1.7%	800
Kloof Country Club	40	1Mar-03	8.0%	R 324.00	R 298.08	1.2%	20
Kruger Park Spar	45	1-Oct-03	7.5%	R 228.45	R 211.32	0.7%	20
Kuruman Spar	45	1-Jul-03	7.5%	R 223.14	R 206.40	0.7%	400
LSG Sky Chefs Durban	45	1-Apr-03	9.3%	R 323.09	R 293.04	2.5%	29
Manhattan Stores	45	1May-03	18.4%	R 355.66	R 290.22	11.6%	15
Maritzburg Auctioneers	45	1-Apr-03	12.2%	R 505.00	R 443.39	5.4%	15
Massmart (Masana)	45	22Apr03	8.0%	R 469.41	R 431.86	1.2%	209
Mc Donalds Seeds	45	1-Apr-03	8.5%	R 350.80	R 320.98	1.7%	10
Metcash Trading	45	1-Jul-03	9.0%	R 692.84	R 630.48	2.2%	5000
Old Halliwell Country Club	45	1-Oct-03	7.0%	R 175.45	R 163.17	0.2%	20
Pelican MIS System	45	1Mar-03	10.4%	R 415.70	R 372.47	3.6%	41
Pizza Hut	45	1Mar-03	10.0%	R 297.00	R 267.30	3.2%	15
Rawdons Restaurants	45	1Sep-03	11.0%	R 230.94	R 205.54	4.2%	35
Roma Revolving Restaurant	45	1-Apr-03	10.0%	R 254.04	R 228.64	3.2%	25
Royal Food Service (St Mary's Hospital)	45	1-Apr-03	9.0%	R 277.13	R 252.19	2.2%	12
Save Cash & Carry	45	1-Oct-02	17.4%	R 437.00	R 360.96	10.6%	45
Score Supermarkets	45	1-Jul-03	17.0%	R 338.33	R 280.81	10.2%	500
Shiver Sands	46	1Aug-03	9.6%	R 354.50	R 320.47	2.8%	43
Shoprite Checkers	45	1May-03	8.7%	R 547.34	R 499.72	1.9%	30000
Snackland cc t/a Steers North Beach	45	1Mar-03	11.0%	R 219.39	R 195.26	4.2%	20
Springbok Foods	45	1-Apr-03	10.9%	R 360.00	R 320.76	4.1%	17
Star Supermarkets/Panjivans Cash & Carry	45	15Jul-03	9.0%	R 318.44	R 289.78	2.2%	20
Steers Kloof Village Mall	40	18Mar03	15.0%	R 212.47	R 180.60	8.2%	11

T.W.K Agriculture	45	1May-03	9.5%	R 151.73	R 137.32	2.7%	40
The Drakensberg Gardens Golf & Leisure Resort	45	1-Apr-03	11.0%	R 230.94	R 205.54	4.2%	88
The Durban Ski Boat Club	45	1-Oct-03	17.0%	R 380.48	R 315.80	10.2%	10
The Hilton Hotel	45	1-Apr-03	10.0%	R 336.02	R 302.42	3.2%	45
The Natal Association Agency	40	1Mar-03	13.9%	R 498.00	R 428.78	7.1%	12
Tropicana Hotel	46	1Mar-03	9.2%	R 438.10	R 397.79	2.4%	30
Tswana Milling	45	1-Apr-03	11.0%	R 299.70	R 266.73	4.2%	150
UPN	40	1Aug-03	11.6%	R 417.55	R 369.11	4.8%	1300
Volans Master Cleaners	44	1Aug-03	6.2%	R 392.60	R 368.26	-0.6%	32
Wimpy Blue Lagoon	45	1Feb-03	10.9%	R 281.75	R 251.04	4.1%	16
<b>Sample Size: 50</b>							<b>58996</b>
<b>Average</b>	<b>44.62</b>		<b>10.8%</b>	<b>R 363.09</b>	<b>R 324.16</b>	<b>4.0%</b>	<b>1179.92</b>
<b>Minimum</b>	<b>40</b>		<b>6.2%</b>	<b>R 151.73</b>	<b>R 137.32</b>	<b>-0.6%</b>	<b>4</b>
<b>Maximum</b>	<b>46</b>		<b>18.4%</b>	<b>R 692.84</b>	<b>R 630.48</b>	<b>11.6%</b>	<b>30000</b>
<b>Median</b>	<b>45</b>		<b>10.0%</b>	<b>R 348.03</b>	<b>R 300.25</b>	<b>3.2%</b>	<b>29.5</b>

Source: LRS Actual Wage Rates Database (AWARD)

**Table XXII: SACWU Minimum Wage Data  
South African Chemical Workers' Union**

Company	Weekly Working Hours	Implem. Date	% Increase	Min. Weekly Wage 2003	Min. Weekly Wage 2002	Real Wage % Inc. CPI-X:6.8%	Approximate number of workers
Fast Moving Consumer Goods	40	1-Jul-03	9.0%	R 531.17	R 483.36	2.2%*	
Grinman	45	1-Sep-03	12.0%	R 421.84	R 371.22	5.2%	15
Industrial Chemicals Sector	40	1-Jul-03	9.0%	R 577.36	R 525.40	2.2%*	
Medal Paints	43.5	1-Apr-03	14.0%	R 550.00	R 473.00	7.2%	22
Mega Megic c.c	42	30-Sep-03	10.0%	R 461.89	R 415.70	3.2%	9
Modderfontein Golf Club	45	1-Jan-03	13.0%	R 503.81	R 438.31	6.2%	12
Pharmaceutical Industry	40	1-Jul-03	9.0%	R 623.55	R 567.43	2.2%*	
S.A Industrial Linings	45	1-Jan-03	9.0%	R 499.50	R 454.55	2.2%	48
Silicon Technology	42	1-Jan-03	11.5%	R 585.82	R 518.45	4.7%	250
Starke Ayres	40	1-Dec-02	12.0%	R 461.89	R 406.46	5.2%	16
<b>Sample Size: 10</b>						<b>Total</b>	<b>*372</b>
<b>Average</b>	<b>42.25</b>		<b>10.9%</b>	<b>R 521.68</b>	<b>R 465.39</b>	<b>4.1%</b>	<b>53.14</b>
<b>Minimum</b>	<b>40</b>		<b>9.0%</b>	<b>R 421.84</b>	<b>R 371.22</b>	<b>2.2%</b>	<b>9</b>
<b>Maximum</b>	<b>45</b>		<b>14.0%</b>	<b>R 623.55</b>	<b>R 567.43</b>	<b>7.2%</b>	<b>250</b>
<b>Median</b>	<b>42</b>		<b>10.8%</b>	<b>R 517.49</b>	<b>R 463.77</b>	<b>4.0%</b>	<b>16</b>

Source: LRS Actual Wage Rates Database (AWARD)

**Table XXIII: SAMWU Minimum Wage Data  
South African Municipal Workers' Union**

Company	Weekly Working Hours	Implem. Date	% Increase	Min. Weekly Wage 2003	Min. Weekly Wage 2002	Real Wage % Inc. CPI-X:6.8%	Approximate number of workers
Magalies Water	45	1-Jul-03	8%	R 782.53	R 719.93	1.2%	268
Mun of Beaufort West	45	1-Jul-03	10.5%	R 545.19	R 487.95	3.7%	164
Mun of Belabela-Northern Province	45	1-Jul-03	10.5%	R 597.20	R 534.49	3.7%	221
Mun of Benede Oranje	45	1-Jul-03	10.5%	R 445.06	R 398.33	3.7%	119
Mun of Bergrivier	45	1-Jul-03	10.5%	R 545.19	R 487.95	3.7%	197
Mun of Bergville	45	1-Jul-03	10.5%	R 445.06	R 398.33	3.7%	108
Mun of Boesmanland	45	1-Jul-03	10.5%	R 574.12	R 513.84	3.7%	
Mun of Boland District	45	1-Jul-03	10.5%	R 576.90	R 516.33	3.7%	220
Mun of Cape Agulhas	45	1-Jul-03	10.5%	R 545.19	R 487.95	3.7%	84
Mun of Cape Town	45	1-Jul-03	10.5%	R 706.52	R 632.34	3.7%	
Mun of Cederberg	45	1-Jul-03	10.5%	R 545.19	R 487.95	3.7%	152
Mun of Creighton	45	1-Jul-03	10.5%	R 371.34	R 332.35	3.7%	52
Mun of Danielskuil	45	1-Jul-03	10.5%	R 552.70	R 494.67	3.7%	49
Mun of Diamantveld	45	1-Jul-03	10.5%	R 574.12	R 513.84	3.7%	80
Mun of Dolphin Coast TLC	45	1-Jul-03	10.5%	R 460.35	R 412.01	3.7%	
Mun of Drakenstein	45	1-Jul-03	10.5%	R 590.53	R 528.52	3.7%	1007
Mun of Dundee	45	1-Jul-03	10.5%	R 542.68	R 485.70	3.7%	
Mun of Durban	45	1-Jul-03	10.5%	R 684.28	R 612.43	3.7%	
Mun of Eastvaal District	45	1-Jul-03	10.5%	R 662.85	R 593.25	3.7%	23
Mun of Ehlanzeni District	45	1-Jul-03	10.5%	R 657.85	R 588.78	3.7%	103
Mun of Empangeni	45	1-Jul-03	10.5%	R 600.26	R 537.23	3.7%	
Mun of Emthanjeni	45	1-Jul-03	10.5%	R 552.70	R 494.67	3.7%	223
Mun of Estcourt	45	1-Jul-03	10.5%	R 445.06	R 398.33	3.7%	320
Mun of Gamagara	45	1-Jul-03	10.5%	R 552.70	R 494.67	3.7%	115
Mun of Gariiep	45	1-Jul-03	10.5%	R 552.70	R 494.67	3.7%	158
Mun of Glencoe	45	1-Jul-03	10.5%	R 542.68	R 485.70	3.7%	
Mun of Highlands	45	1-Jul-03	10.5%	R 435.32	R 389.61	3.7%	193
Mun of Ilembe District	45	1-Jul-03	10.5%	R 907.37	R 812.10	3.7%	17
Mun of Kareeberg	45	1-Jul-03	10.5%	R 445.06	R 398.33	3.7%	48
Mun of Karoo	45	1-Jul-03	10.5%	R 551.31	R 493.42	3.7%	272
Mun of Karoo Hoogland	45	1-Jul-02	10.5%	R 552.70	R 494.67	3.7%	61
Mun of Kathu	45	1-Jul-03	10.5%	R 552.70	R 494.67	3.7%	123
Mun of Kei Kariiep	45	1-Jul-03	10.5%	R 574.12	R 513.84	3.7%	112
Mun of Kgalagadi	45	1-Jul-03	10.5%	R 574.12	R 513.84	3.7%	18
Mun of Kimberley	45	1-Jul-03	10.5%	R 678.71	R 607.45	3.7%	700
Mun of Kuruman	45	1-Jul-03	10.5%	R 552.70	R 494.67	3.7%	214
Mun of Ladysmith	45	1-Jul-03	10.5%	R 561.88	R 502.88	3.7%	594
Mun of Laingsburg	45	1-Jul-03	10.5%	R 477.87	R 427.69	3.7%	12
Mun of Langeberg	45	1-Jul-03	10.5%	R 563.83	R 504.63	3.7%	146
Mun of Lephalale-Northern Province	45	1-Jul-03	10.5%	R 619.18	R 554.17	3.7%	148
Mun of Mandeni	45	1-Jul-03	10.5%	R 503.47	R 450.61	3.7%	
Mun of Marble Hall	45	1-Jul-03	10.5%	R 599.99	R 536.99	3.7%	102
Mun of Matzikane-Vredendale	45	1-Jul-03	10.5%	R 462.29	R 413.75	3.7%	159
Mun of Mbombela	45	1-Jul-03	10.5%	R 671.76	R 601.23	3.7%	530
Mun of Middelburg	45	1-Jul-03	10.5%	R 670.64	R 600.22	3.7%	622
Mun of Modimolle-Northern Province	45	1-Jul-03	10.5%	R 565.50	R 506.12	3.7%	137

*The LRS Report*

Mun of Mogalakwena (Northern Province)	45	1-Jul-03	10.5%	R 610.56	R 546.45	3.7%	308
Mun of Molemole (Northern Province)	45	1-Jul-03	10.5%	R 545.19	R 487.95	3.7%	29
Mun of Mossel Bay	45	1-Jul-03	10.5%	R 545.19	R 487.95	3.7%	484
Mun of Mpfana (Mooi River)	45	1-Jul-03	10.5%	R 542.68	R 485.70	3.7%	68
Mun of Mtubatuba	45	1-Jul-03	10.5%	R 524.33	R 469.28	3.7%	116
Mun of Namakwa	45	1-Jul-03	10.5%	R 529.33	R 473.75	3.7%	104
Mun of Ndlovu	45	1-Jul-03	10.5%	R 845.88	R 757.06	3.7%	18260
Mun of Newcastle	45	1-Jul-03	10.5%	R 599.71	R 536.74	3.7%	817
Mun of Nkangala District Council	45	1-Jul-03	10.5%	R 685.95	R 613.93	3.7%	18
Mun of Nkomazi	45	1-Jul-03	10.5%	R 599.99	R 536.99	3.7%	198
Mun of Oranje Karoo	45	1-Jul-03	10.5%	R 499.29	R 446.86	3.7%	142
Mun of Overstrand	45	1-Jul-03	10.5%	R 545.19	R 487.95	3.7%	396
Mun of PaulPietersburg	45	1-Jul-03	10.5%	R 489.55	R 438.15	3.7%	
Mun of Pennington	45	1-Jul-03	10.5%	R 525.72	R 470.52	3.7%	510
Mun of Phongola	45	1-Jul-03	10.5%	R 541.30	R 484.46	3.7%	46
Mun of Port Edward	45	1-Jul-03	10.5%	R 536.57	R 480.23	3.7%	510
Mun of Priemday	45	1-Jul-03	10.5%	R 510.14	R 456.58	3.7%	
Mun of Ra-Phalaborwa	45	1-Jul-03	10.5%	R 610.56	R 546.45	3.7%	299
Mun of Richards Bay	45	1-Jul-03	10.5%	R 600.26	R 537.23	3.7%	120
Mun of Richmond	45	1-Jul-03	10.5%	R 541.30	R 484.46	3.7%	51
Mun of Saldanha Bay	45	1-Jul-03	10.5%	R 545.19	R 487.95	3.7%	420
Mun of Siyancuma	45	1-Jul-03	10.5%	R 561.60	R 502.63	3.7%	98
Mun of Stellenbosch	45	1-Jul-03	10.5%	R 679.82	R 608.44	3.7%	566
Mun of Swellendam	45	1-Jul-03	10.5%	R 545.19	R 487.95	3.7%	157
Mun of Theewaterskloof	45	1-Jul-03	10.5%	R 445.06	R 398.33	3.7%	276
Mun of Thusanang	45	1-Jul-03	10.5%	R 574.12	R 513.84	3.7%	
Mun of Tsatsabane	45	1-Jul-03	10.5%	R 561.60	R 502.63	3.7%	124
Mun of Tzaneen-Northern Province	45	1-Jul-03	10.5%	R 610.56	R 546.45	3.7%	387
Mun of Ugu Regional Council	45	1-Jul-03	10.5%	R 632.25	R 565.86	3.7%	303
Mun of Ulundi	45	1-Jul-03	10.5%	R 603.33	R 539.98	3.7%	102
Mun of Umlalazi/Eshowe/Mtunzin	45	1-Jul-03	10.5%	R 447.83	R 400.81	3.7%	255
Mun of Umsundisi/Ashburton/PMB	45	1-Jul-03	10.5%	R 546.31	R 488.95	3.7%	103
Mun of Umvoti/Greytown/Kranskop	45	1-Jul-03	10.5%	R 445.06	R 398.33	3.7%	142
Mun of Underberg/Himeville	45	1-Jul-03	10.5%	R 445.06	R 398.33	3.7%	52
Mun of Uthungulu	45	1-Jul-03	10.5%	R 657.85	R 588.78	3.7%	135
Mun of Utrecht	45	1-Jul-03	10.5%	R 542.68	R 485.70	3.7%	45
Mun of Vaalharts Morobeng	45	1-Jul-03	10.5%	R 552.70	R 494.67	3.7%	
Mun of Vryheid	45	1-Jul-03	10.5%	R 559.38	R 500.65	3.7%	84
Mun of West Coast District	45	1-Jul-03	10.5%	R 545.19	R 487.95	3.7%	193
Mun of Hantam	45	1-Jul-03	10.5%	R 552.70	R 494.67	3.7%	99
Mun Thabazimbi	45	1-Jul-03	10.5%	R 643.38	R 575.83	3.7%	139
North West Water Supply Authority	45	1-Jul-03	9.0%	R 478.29	R 435.24	2.2%	366
Odi Retail Water	45	1-Jul-03	9.0%	R 661.73	R 602.17	2.2%	108
Rand Water	42	1-Jul-03	9.0%	R 734.05	R 667.99	2.2%	1600
Water & Sanitation Service S.A	45	1-Jul-03	10.3%	R 534.94	R 479.84	3.5%	100
<b>Sample Size: 91</b>						<b>Total</b>	<b>36201</b>
<b>Average</b>	<b>44.97</b>		<b>10.4%</b>	<b>R 568.20</b>	<b>R 509.07</b>	<b>3.6%</b>	<b>458.24</b>
<b>Minimum</b>	<b>42</b>		<b>8.0%</b>	<b>R 371.34</b>	<b>R 332.35</b>	<b>1.2%</b>	<b>12</b>
<b>Maximum</b>	<b>45</b>		<b>10.5%</b>	<b>R 907.37</b>	<b>R 812.10</b>	<b>3.7%</b>	<b>18260</b>
<b>Median</b>	<b>45</b>		<b>10.5%</b>	<b>R 552.70</b>	<b>R 494.67</b>	<b>3.7%</b>	<b>142</b>

Source: LRS Actual Wage Rates Database (AWARD)





## **Directors' Fees Survey**

## ***Introduction***

Nationally and internationally directors' fees remain a contentious issue between directors of companies on the one hand and shareholders, employees and the general public on the other. Adding greater urgency to resolving this debate is the dissatisfaction of directors with their remuneration packages, leading in many cases to them resorting to fraudulent activities for self-enrichment. There are numerous examples like the case of Conrad Black, former chief executive of Hollinger International, the publisher of newspapers including the Daily Telegraph (U.K), who resigned after an internal investigation found he misled shareholders about the \$32 million paid to executives. Other recent international cases include Italian multi-national Parmalat and French state-run oil company Elf. Despite corporate governance being flouted as a panacea for unscrupulous management practices, a rational criticism is that how can responsibility and accountability for corporate governance be vested within the same body, viz. the board of directors. This structure and system of internal control inevitably provides ample opportunity for perpetrators to undermine corporate governance and commit fraudulent acts.

However, companies continue to defend and justify directors' remuneration based on factors such as improved financial performance; demand and supply; the role of remuneration committees and comparison of what other directors earn in industrialized countries. This position needs to be challenged in view of the low wage that ordinary workers earn compared to directors – "...the public outcry (against directors' remuneration) may be justified, for no less reason than the glaring discrepancies between S.A.'s highest paid and the lowest paid. The World Bank measures the gap between rich and poor, using the gini coefficient ...SA is among the worst nations on this grading," (Business Ethics Direct – No 164). This means that in South Africa the richest 10% acquires over 45% of national income while the poorest 10% gets only about 1% (UNDP 2002:196).

This survey contests the basis of the arguments justifying the excessive fees that directors earn. It assesses general trends regarding directors' fees in relation to company performance, as well as workers nominal and average wage. It then proceeds to discuss directors' fees in sectors with declining company performance and sectors experiencing improving company performance to assess whether there is any difference in the way directors are remunerated. This section also highlights the disproportionate ratio between workers wages and directors' fees in particular sectors. The next section deals with directors who earned the highest and the lowest in the current survey and the last section provides a brief overview of directors' fees since 1994.

## ***Methodology***

Data of directors' emoluments have been obtained from various company annual reports by researchers at the Labour Research Service. This survey covers 29 companies, which is a lower number than in previous surveys done by the LRS but many of the companies are key companies in their sector. The LRS acknowledges that the changing number of companies, as well as taking a different sample of companies for every survey raises problems of accuracy but it, nevertheless, still allows general trends to be captured. In the future the LRS will be developing a company database to standardise information captured on companies, including directors' emoluments. The appendices to this survey include the list of companies surveyed.

There are also problems associated with obtaining data from annual reports. The first is that the financial year-end differs from company to company. The second problem is that companies disclose directors' fees in different formats with the majority of companies not including gains from share options in the total remuneration amount of directors.

Company performance – for the purpose of this report – is defined as change in pre-tax profit between the current and previous financial year. This information was also obtained from company annual reports. Information on sector average minimum wage rates was obtained from the LRS Actual Wage Rates Database (AWARD). Information on national economic variables was taken from the S.A. Reserve Bank and Statistics S.A.

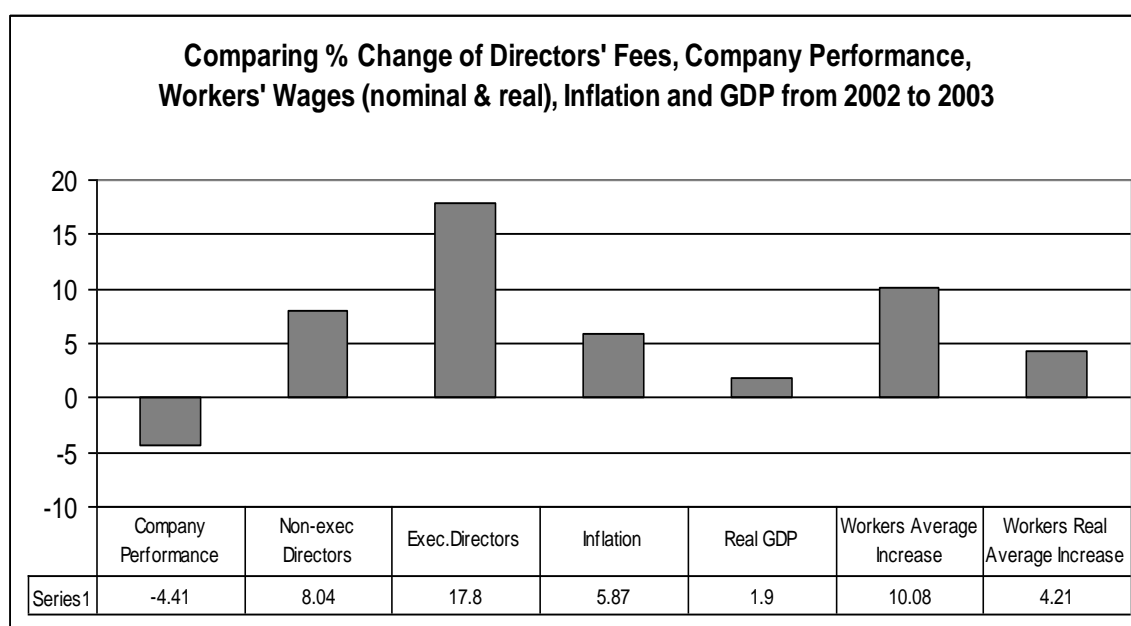
## ***General Trends***

Company financial performance measured by the percentage change in pre-tax profits has declined on average by 4.41% from 2002 to 2003. This trend is primarily due to the appreciation of the Rand relative to other foreign currencies, particularly the United States dollar. Therefore, South African companies receive less Rands when they convert their foreign income into Rands. Another negative impact of the strong Rand is that it reduces the price of imports. South African companies that produce for the domestic market therefore find it difficult to compete locally with cheaper products imported from foreign countries. This is the motivation for the 'Proudly South African' campaign, which hopes to promote the buying of locally manufactured goods.

In the 2003 Directors' Fees Survey, company performance increased by 52.46%, mainly due to the depreciation of the Rand, which increased the foreign earnings of South African companies in Rand terms. The relative exchange value of the Rand therefore has a critical impact on business performance in South Africa. The economy is also affected with real Gross Domestic Product (GDP) increasing by 1.9% in 2003, compared to 3% for 2002.

It is noteworthy to mention that neither the political situation in Zimbabwe nor the crime rate in South Africa has improved, which some mainstream media reports blamed on the depreciation of the Rand in 2002. Yet, the relative exchange value of the Rand has appreciated throughout last year. Andile Mazwai, CEO of Mazwai Securities, argues that geopolitical risks are important but economic factors such as inflation and real interest rate differentials play an instrumental role in currency valuation. Mazwai continues by stating that foreigners can borrow cash at low rates in the United States and receive a higher interest rate when depositing it with South African financial institutions. Therefore, "...as long as real interest rates (nominal rates less inflation) are higher here than in the U.S., traders will continue to sell dollars to buy Rands as they shift funds from the U.S. to S.A." (Business Day, 14/05/2003).

**Figure 19: General Trends – Directors’ Fees, company Performance, Wages, Inflation and GDP**



The appreciation of the Rand has negatively impacted on the mining sector where pre-tax profits decreased on average by 19.12% from 2002 to 2003. The increase in commodity prices, particularly gold and platinum, did not offset the negative impact of the Rand. Harmony and Impala Platinum recorded a decrease of 59.16% and 20.18% respectively. Other sectors in the survey that also reflected a decrease in pre-tax profits were the Retail and Chemical Sectors.

Executive directors’ fees have increased by 17.8% from an average of R2.272 million in 2002 to R2.676 million in 2003.<sup>4</sup> This average increase in executive remuneration is inconsistent with the decrease in operating profits, which companies have

<sup>4</sup> The executive directors’ fees of Wooltru for the previous year, as well as the current year, are excluded from this survey due to the exceptional payment of R23.616 million made to JB Rabb in 2002. This resulted in executive directors’ fees averaging R2.8 million in 2002.

experienced. Although companies in general have paid less in performance bonuses, the guaranteed remuneration of executives has continued to increase. Furthermore, the directors' fees as calculated in this survey exclude the gains by directors when exercising their share options, which also add significant amounts to their total remuneration. The average for executive directors' fees of R2.676 million per annum remains excessive when compared to the Average Minimum Wage of R24 000 per annum paid to workers. On average workers need to work 111 years to earn what an executive director earns in a year.

It is ironic for Chris Thompson, Chairman of Gold Fields Limited, after having received a total remuneration of R14.974 million in 2002 to state in the company's 2003 Annual Report that one of the concerns that may affect the outcome of the transformation of the mining industry is "...the excessive cost pressures being imposed by zealous union demands...". Goldfields avoided strike action during 2003 by concluding a two-year settlement agreement providing an average increase of 10% in wages. How can the increase and levels of individual workers' wages at Goldfields be regarded as zealous when compared to the millions that Mr. Thompson receives?

Non-executive directors received an increase of 8.04% from an average remuneration of R193 422 in 2002 to R208 974 in 2003. The Ethics Institute of South Africa reports, based on articles appearing in the Business Day (S.A.) and The Telegraph (U.K), that the increasing remuneration of Non-Executives is related to worldwide corporate scandals. Non-executives are facing increasing legal risks and potential damage to their reputation when accepting a position on the board of companies, which is pushing up fees (Business Ethics Direct Issue No. 186). The puzzling aspect of this trend, due to continuing corporate scandals, is whether non-executives are demanding higher fees to assume greater responsibility for corporate governance or if it is simply to compensate them for the increasing probability and likelihood that they may be involved in a corporate scandal.

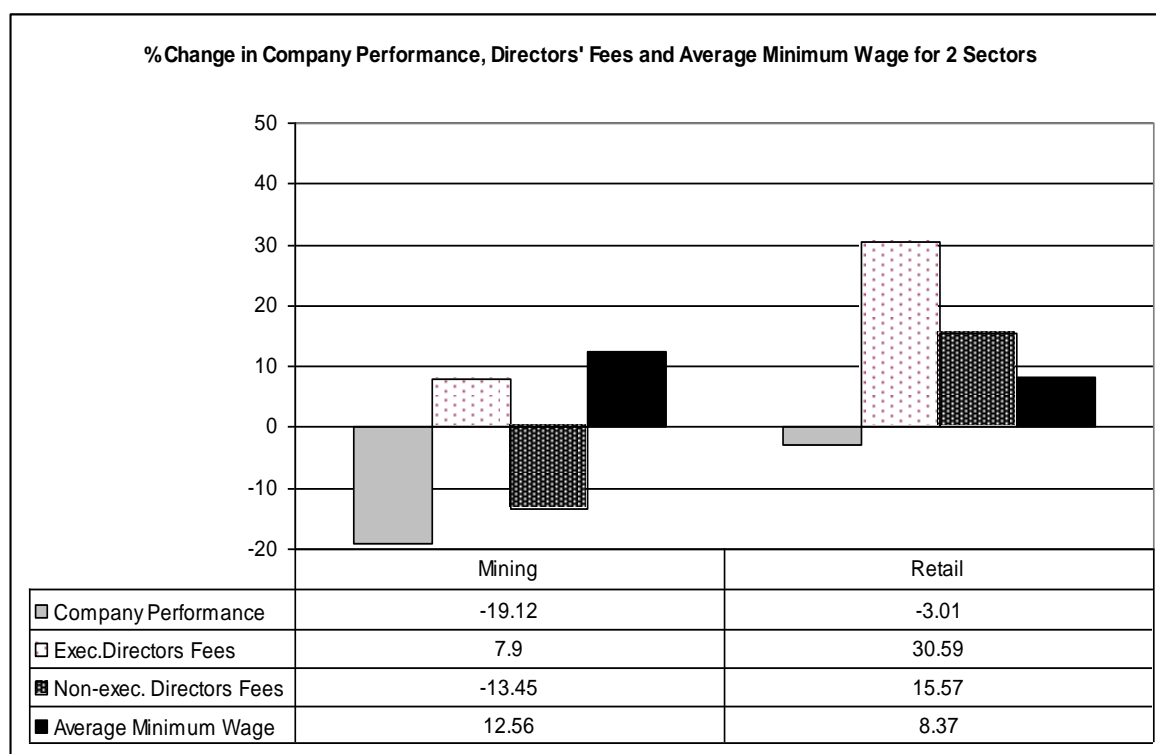
It appears as if workers are better off as they received an increase of 10.08%. The Average Minimum Wage, as calculated by Labour Research Service's Actual Wage Rates Database (AWARD), has increased from R22 236.80 to R24 478.36. With Consumer Price Inflation (CPI) increasing by an average of 5.87% for 2003, it means workers earning the Average Minimum Wage have managed to obtain a real increase of 4.21%. This trend needs to continue, as workers have to make up for previous years when they received below inflation increases. For example during 2002 the Average Minimum Wage only increased by 0.41% while CPI was 9.2% (Stats S.A.), meaning that workers took a cut in their real wage. Workers' real wages have to increase above inflation annually to compensate for the increase in the cost of living.

The reason why workers must be given higher real wage increases than directors is the regressive user fees for basic services in South Africa. Poor households spend a greater proportion of their incomes on paying for basic services like electricity, water, transport and school fees compared to rich households – "Of course, poor people pay less in Rand than the rich; but their burden is greater" (Business Day 7/02/2003). To ease this burden and to ensure workers can continue to pay for the increasing costs of essential goods and services like electricity and transport, their real wage has to increase.

## Sectors

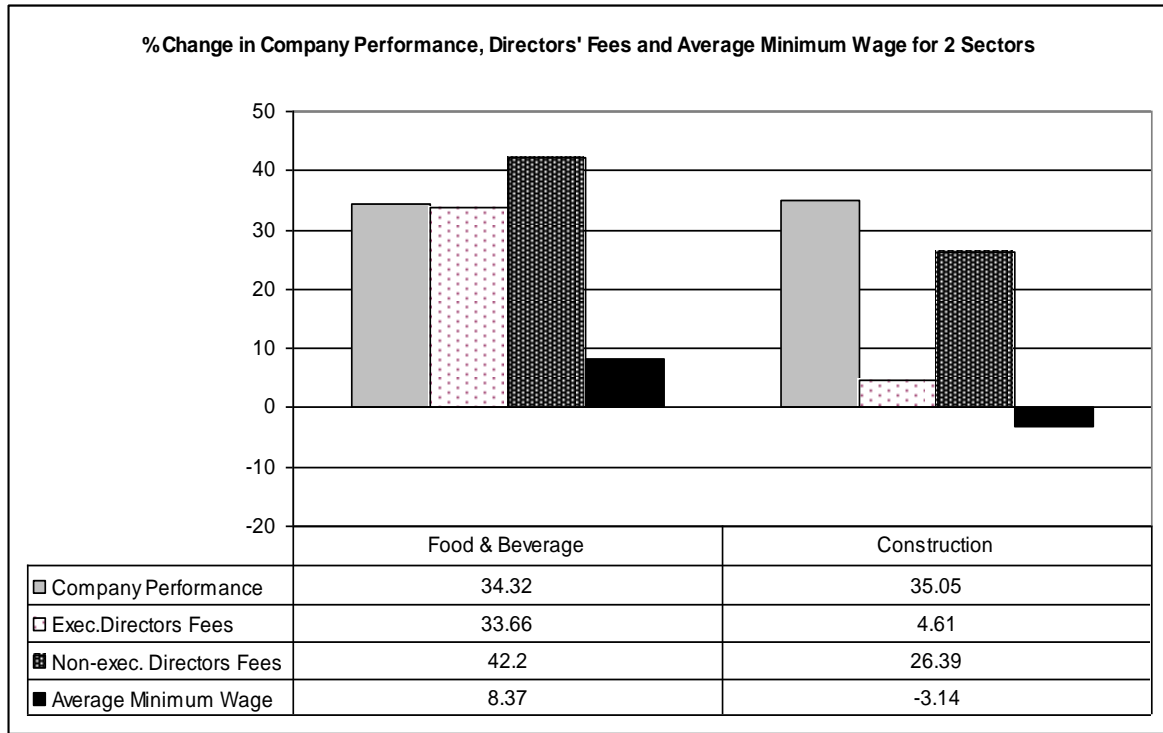
The graphs below illustrate and compare the average percentage change in remuneration of directors and workers in two sectors where company performance, measured by the percentage change in pre-tax profits declined viz. Mining and Retail, and two sectors where company performance improved viz. Food and Beverage and Construction.

**Figure 20: Sector Performance Down and Director Fees Up**



The Mining and Retail sectors recorded an average decrease in profits of 19% and 3% respectively. However, the average executive directors' fees continued to increase in these sectors. Executive directors in the mining sector received an average increase of 7.9% and 30.6% in the Retail sector. It becomes quite evident that there is no correlation between the performance of companies and the average increase in remuneration received by directors. However, the nominal Average Minimum Wage in the Mining sector also increased by 12.56%, 9.8% and 8.37% in Retail sector, which are all above inflation increases.

**Figure 21: Sector Performance Up and Directors' Fees Up**



The Food and Beverage and Construction sectors recorded average increases in profits of 34.32% and 35.05%. The respective average increase in directors' fees in these sectors was 33.66% and 4.61%. The Construction sector posted the highest average percentage increase in profits, but was the only sector where the nominal Average minimum wage decreased and workers subsequently received a cut in real wages. The Paper, Packaging and Printing sector (not shown in graph above) recorded the lowest average increase in profits of 2.48%, yet gave the highest average increase to directors of 83.89%.

Although workers received above inflation increases the wage gap between workers and directors remains disproportionately high. The table below indicates that in each sector, workers earning the nominal Average Minimum Wage have to work for more than 100 years to earn the average income that a director earns in one year.

**Table XXIV: Ratio of Average Minimum Wage to Directors' Fees for 4 Sectors**

	<b>Mining</b>	<b>Food and Beverage</b>	<b>Construction</b>	<b>Retail</b>
<b>Exec-Directors (ED)</b>	3 094 986	2 363 875	1 861 188	2 721 410
<b>Non -Exec Dir (NED)</b>	449 872	152 226	230 110	133 538
<b>Workers (W)</b>	25 363	18 495	15 603	18 495
<b>Ratio of ED/W</b>	<b>122</b>	<b>127</b>	<b>119</b>	<b>147</b>
<b>Ratio of NED/W</b>	<b>18</b>	<b>8</b>	<b>15</b>	<b>7</b>

In the annual reports of companies we constantly read of the need for companies to attract and maintain the scarce skills of directors and therefore their high levels of remuneration is reflective of the forces of demand and supply. However, this view is challenged in an article in the Business Times referring to remuneration committees that determine directors' fees as "...the hallmark of hierarchy, not markets." (Business Day, 27/03/03).

The article continues by stating that reference to market forces determining executive remuneration in corporate circles actually means, "that others (directors) who occupy similar positions are paid more" (ibid). Thus the determination of directors' fees, particularly in the context of the average decrease in company profits, is based on a corporate understanding of market forces and not what ordinary people understand it to be. The criticism of how directors' fees are determined is coming from various quarters with the Chairman of the South African Shareholders Association stating, "...judging by the sharp increase in remuneration levels it was apparent that corporate audit committees were not doing their job." (Business Ethics Direct - Issue No.152)

The levels of directors' fees in South Africa are sometimes justified on the basis that their counterparts, particularly in industrialized countries, earn more. However, a survey completed by P-E Corporate Services found that South African executives were better off than executives in other countries "...due to above inflation increases, generous performance incentives, the strong Rand and falling inflation". This survey found that "Executives in other countries may have bigger pay packages in hard currencies, but after paying tax and deducting for costs such as housing, food, transport and education, they are left with less discretionary spending at their disposal than executives in South Africa." (Business Day, 28/10/2003). The article continues by stating that, "South African executives have enjoyed greater levels of net disposable income than their peers in highly taxed Europe and Australia for a number of years" (ibid). Yet, local executives always complain that they earn far less than their European and American counterparts as they make comparisons of directors' fees in nominal and not real terms. In contrast, when these same executives use a barometer for workers wages, they normally compare it to the poverty wages earned by workers in developing countries.



### ***Highest and Lowest Earners***

The Transport sector continues to have the lowest paid executive directors. Directors at Million Air Charter are the lowest paid executives, however they have a significant majority shareholding in the company. "Directors shareholding in the group as at 28 February 2003 consisted of ...87.57% shareholding" (2003 Annual Report).

**Table XXV: Companies Paying the Highest Average Directors' Fees**

<b>Companies Paying the Highest Average Per Director - 2002</b>		
<b>Sector</b>	<b>Company</b>	<b>Amount (R)</b>
Food & Beverage	South African Breweries	13 124 337
Financial	ABSA	6 686 419
Retail	Pick 'n Pay	4 859 350
Mining	Goldfields	4 491 410
Chemical	Sasol	4 776 800

**Table XXVI: Companies Paying the Lowest Average Directors' Fees**

<b>Companies Paying the Lowest Average Per Director - 2002</b>		
<b>Sector</b>	<b>Company</b>	<b>Amount (R)</b>
Transport	Million Air Charter	294 522
Transport	Putco	748 667
Paper, Pack and Printing	Alex White Holdings	785 400
Transport	Cargo Carriers	806 000
Food & Beverage	ABI	1 046 429

Directors at South African Breweries are on average the highest paid directors. The Average Minimum Wage is 12 times less than the lowest average paid executive director and 536 times less than the highest paid.

### **Overview of Directors' Fees (1994 to 2003)**

Average directors' fees have increased significantly between 1994 and 2003 when compared to increases received by workers earning the average minimum wage.

**Table XXVII: Increase of Directors Fees Between 1994 and 2003**

	<b>Executive Directors</b>	<b>Non-Executive Directors</b>	<b>Workers</b>
1994 (1998 for Non-Exec)	R702 000	R53 000	R14 808
2003	R2 700 000	R208 000	R24 478
% Increase	285%	292%	65%
% increase annualized	29%	49%	6.5%
Increase per annum in Rands	R300 000	R26 000	R967

Since 1994, average directors' fees have increased by 285% from R702 000 to R2.7 million in 2003. This is an average annual increase of 29% or approximately R300 000 per annum. More importantly, directors have consistently obtained above inflation increases every year during this period. The trend for Non-executive directors' fees is similar, increasing by 292% from an average of R53 000 in 1998 to R208 000 in 2003. This is an average annual increase of 49% or approximately R26 000 per annum. In stark contrast, workers' Average Minimum Wages only increased by 65% from R14 808 in 1994 to R24 478 in 2003. This is an average annual increase of 6.5% or approximately R967 per annum.

A study on unemployment in South Africa provides one reason why wages of workers remain low. "Wages are found to be negatively related to unemployment, and the unemployment elasticity of the wage (the responsiveness of the wage to local unemployment rate) is approximately -1. In other words, a 10% increase in the local unemployment rate (say from 10% to 11%) leads to a 1% decrease in wages" (Kingdom and Knight, 2001). Continued low wage rates are therefore related to increasing and high levels of unemployment.

### **Conclusion**

Workers on average received above inflation increases but as long as directors earn excessive incomes, which are unrelated to the financial performance of companies, the huge wage gap will remain between them. Local directors are better off than even some of their counterparts in industrialized countries, yet they are still rewarded at rates and levels far in excess of what ordinary workers earn.

The mentality that workers are 'zealous' when they demand a just increase related to the hazardous nature of their work, based on the cost of living, as well as their contribution to producing the countries income and wealth, needs to change.

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**Appendix One: Average Remuneration Per Executive Director 2003**

Sector	Company	Total Remuneration	No. of Executive Directors	Average Per Executive Director
Mining	Gold Fields	8,982,819	2	4,491,410
Mining	Harmony	14,884,000	4	3,721,000
Mining	Impala Platinum	10,856,000	3	3,618,667
Mining	Trans-Hex	5,512,000	4	1,378,000
Construction	Aveng	10,873,000	5	2,174,600
Construction	Group Five	11,032,000	5	2,206,400
Construction	Wilson Bayly Holmes - Ovcom Ltd	2,362,000	2	1,181,000
Chemical	Afrox Oxygen Limited	2,156,000	1	2,156,000
Chemical	Sasol	23,884,000	5	4,776,800
Transport	Putco	2,246,000	3	748,667
Transport	Super Group	15,365,262	4	3,841,316
Transport	Comair	6,074,000	5	1,214,800
Transport	Million Air Charter	883,566	3	294,522
Transport	Cargo Carriers	1,612,000	2	806,000
Food and Beverage	Anglo-Vaal Industries	11,540,000	4	2,885,000
Food and Beverage	South African Breweries	26,248,674	2	13,124,337
Food and Beverage	Tiger Brands	20,178,000	6	3,363,000
Food and Beverage	Amalgamated Beverage Industries	7,325,000	7	1,046,429
Food and Beverage	Distell	2,798,000	2	1,399,000
Retail	Illovo Sugar	26,432,000	9	2,936,889
Retail	Woolworths Holdings	17,384,000	5	3,476,800
Retail	Italtile Limited	2,209,000	2	1,104,500
Retail	Pick 'n Pay Stores	19,437,400	4	4,859,350
Retail	Shoprite Holdings	15,042,000	5	3,008,400
Retail	L.A. Group	6,005,846	4	1,501,462
Retail	Ellerine Holdings	7,957,000	5	1,591,400
Paper, Packaging and Printing	Astrapak	4,525,446	4	1,131,362
Paper, Packaging and Printing	Alex White Holdings	3,927,000	5	785,400
Financial	ABSA	20,059,257	3	6,686,419
			<b>Overall Average 2002</b>	<b>2,272,065</b>
			<b>Overall Average 2003</b>	<b>2,676,446</b>
			<b>Percentage change</b>	<b>17.80%</b>

**Appendix Two: Average Remuneration Per Non-Executive Director for 2003**

Sector	Company	Non-Executive Remuneration	Number of Non-Executives	Average Per Non-Executive
Mining	Gold Fields	11,009,901	10	1,100,990
Mining	Harmony	550,000	6	91,667
Mining	Impala Platinum	1,077,000	8	134,625
Mining	Trans-Hex	1,759,000	8	219,875
Construction	Aveng	1,346,000	10	134,600
Construction	Wilson Bayly Holmes - Ovcom Ltd	390,000	3	130,000
Chemical	Afrox Oxygen Limited	314,000	4	78,500
Chemical	Sasol	5,302,000	9	589,111
Transport	Putco	38,000	4	9,500
Transport	Super Group	786,000	7	112,286
Transport	Comair	245,000	4	61,250
Transport	Cargo Carriers	146,000	3	48,667
Food and Beverage	Tiger Brands	2,881,000	12	240,083
Food and Beverage	Distell	384,000	12	32,000
Food and Beverage	Illovo Sugar	1,454,000	7	207,714
Retail	Woolworths Holdings	1,038,000	5	207,600
Retail	Italtile Limited	315,000	4	78,750
Retail	Pick 'n Pay Stores	670,000	7	95,714
Retail	Shoprite Holdings	175,000	5	35,000
Retail	L.A. Group	3,863,520	5	772,704
Retail	Ellerine Holdings	964,000	4	241,000
Retail	Wooltru	540,000	3	180,000
Paper, Packaging and Printing	Astrapak	219,750	2	109,875
Paper, Packaging and Printing	Alex White Holdings	30,000	2	15,000
Financial	ABSA	4,169,776	14	297,841
				<b>Overall Average 2002</b>
				<b>193,422</b>
				<b>Overall Average 2003</b>
				<b>208,974</b>
				<b>Percentage change</b>
				<b>8.04%</b>

**Appendix Three: Company Performance for 2003**

Sector	Company	2002	2003	% Change
Mining	Gold Fields	4,423,400,000	4,444,500,000	0.48
Mining	Harmony	2,279,000,000	917,000,000	-59.76
Mining	Impala Platinum	6,733,400,000	5,374,700,000	-20.18
Mining	Trans-Hex	248,914,000	331,525,000	33.19
Construction	Aveng	505,500,000	697,800,000	38.04
Construction	Group Five	98,176,000	131,597,000	34.04
Construction	Wilson Bayly Holmes - Ovcom Ltd	92,003,000	110,087,000	19.66
Chemical	Afrox Oxygen Limited	751,307,000	1,010,733,000	34.53
Chemical	Sasol	14,293,000,000	11,913,000,000	-16.65
Transport	Putco	30,128,000	61,765,000	105.01
Transport	Super Group	279,116,000	361,893,000	29.66
Transport	Comair	10,773,000	-37,286,000	-446.11
Transport	Million Air Charter	416,348	-30,063,627	-7320.79
Transport	Cargo Carriers	10,303,000	5,840,000	-43.32
Food and Beverage	Anglo-Vaal Industries	814,100,000	1,022,500,000	25.60
Food and Beverage	Tiger Brands	1,232,600,000	1,741,400,000	41.28
Food and Beverage	Amalgamated Beverage Industries	693,000,000	842,000,000	21.50
Food and Beverage	Distell	333,327,000	420,321,000	26.10
Food and Beverage	Illovo Sugar	547,500,000	837,000,000	52.88
Retail	Woolworths Holdings	685,200,000	776,900,000	13.38
Retail	Italtile Limited	132,956,000	173,881,000	30.78
Retail	Pick 'n Pay Stores	629,700,000	707,300,000	12.32
Retail	Shoprite Holdings	522,157,000	602,964,000	15.48
Retail	L.A. Group	64,379,000	28,887,000	-55.13
Retail	Ellerine Holdings	306,594,000	357,039,000	16.45
Retail	Wooltru	414,500,000	25,700,000	-93.80
Paper, Pack and Print	Astrapak	83,300,000	85,300,000	2.40
Paper, Pack and Print	Alex White Holdings	5,402,000	5,600,000	3.67
<b>Overall Average</b>		<b>1,229,893,578</b>	<b>1,175,710,084</b>	<b>-4.41%</b>

## **Bargaining Challenges**

The LRS hosts an annual *Negotiators' Conference*, together with other labour support organisations, for trade unions. This section summarises the main points that emerged in the *Negotiators' Conference* held in March 2004.

Two concerns were raised as to what companies will say to justify low increases this year:

- **Inflation:** The CPI-X has come down considerably during the past year and the projection for this year is that it will remain low. Employees will therefore not offer high increases and will possibly argue that demands for higher wages will raise inflation.
- **Exchange Rate:** Due to the strength of the Rand goods produced locally have become more expensive than imported goods. Employers will say that costs, especially wage costs, will have to be kept low to keep locally produced goods at competitive prices and ensure that local production remains viable.

Three issues were raised as important in understanding how companies are trying to break the strength of unions and reduce workers' power:

- **Long - Term Agreements:** These agreements, signed in the past four years, have left workers unable to cope with rising inflation, and also extended the period of not dealing with critical issues that are part of that bargaining round. More and more employers are pushing for long term agreements.
- **Bargaining Forums:** Forums used for collective bargaining through which unions and workers have been able to use effectively are being undermined by employers.
- **Workplace Restructuring:** Restructuring is continuously being proposed. The effects are outsourcing, retrenchments, contracting out and casualisation instead of permanent job creation.

The following were raised as key national issues that require collective and common strategies:

- **State Budgetary Policies:** There is no real improvement in the amount of budgetary allocations to those aspects of expenditure that put pressure on workers wages (health; education; water, electricity, care for the sick and elderly; transport, etc.).
- **Extreme Wage Gaps And Inequality:** The wage gaps have become very wide and there is a need for common strategies to reduce inequality in the workplace and in society generally.
- **HIV/AIDS:** Unions need to incorporate protection for workers who are HIV/AIDS positive and ensure that companies enforce their HIV/AIDS policies in the workplace.

The above issues pose a huge challenge for trade unions, especially in the context of labour's position in collective bargaining being very weak. Three issues were identified to strengthen labour's position in collective bargaining:

1. While different regions/sectors have different needs and therefore set different mandates there needs to be a national strategy.
2. Unions are often fragmented and put in different demands to employees. Unions need to look at how they can cooperate and put forward common demands.
3. Workers preparedness and capacity to struggle has been weakened due to a number of reasons. This raises the importance of involving workers in the collective bargaining process through ensuring that they determine the mandate given to negotiators and are mobilized throughout the negotiations.

**STRATEGIC PRIORITIES FOR COLLECTIVE BARGAINING:**

- Trade unions should have uniformity of demands.
- Objectives of negotiations need to be clear.
- Agreements should be implemented (enforced) and monitored.
- There should be greater capacity building in the unions around collective bargaining strategies and issues.
- Close attention should be paid to communication with and mobilisation of members.
- There is a need to develop an understanding of legislation that can protect workers and improve their conditions and how to use this legislation strategically.