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Bargaining Indicators brings together much of the work of the LRS. A number of individuals, whether employed or associated with the LRS, contribute in one way or another to this publication. Our thanks are extended to Eddie Cottle, Mathew Grant, Isabel Koul, Mapule Maema, Sahra Ryklief and Busisiwe Vananda.

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Finally we extend our appreciation to all those trade unions and their representatives, too many to name, who continue to collaborate with the LRS in its efforts to produce meaningful research and analysis. It is our hope that we have in this instance provided something of value to them as they go about their difficult and important work.

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WHO IS THE COLLECTIVE AND WHAT'S THE BARGAIN?

These two questions invoke the most pressing challenges currently facing trade unions. Who is the collective? We are asking unions to reflect on who falls within the bargaining unit, but it is the flipside of this question that points the way forward. Who does not fall within the bargaining unit?

Is the bargaining unit limited to the lower occupational bands only excluding skilled workers, the supervisory and managerial layers? Does the bargaining unit cover only permanent workers or does it cover non-standard workers too?

Changes in the structure of work are placing increasing pressure on traditional modes of organisation and by implication bargaining. In terms of the current labour regulation, ***the workplace has been outsourced along with the work, thereby eroding the organisational rights of unions.***

Externalisation is a direct attack on the organisational base of unions and it fragments workers and the workplace making it difficult for unions to maintain membership, never mind grow that membership. The private security industry and contract cleaning industries provide excellent examples in this regard and are characterised by high levels of non-standard employment in what has become externalised business services. Trade union membership statistics in these sectors show very high levels of churn. In other words thousands of workers might come into the ranks of the union in a given year, but a similar number will go off the books in the same period. In this instance ***we see that union membership is reduced to the type of employment that workers find themselves in, which is to say that they are temporary members of the union.***

What is the bargain? To what extent does the bargaining agenda address the challenges facing trade unions? Is it a narrow agenda for wage increments? Does it address the needs of women in the workplace? Is the bargaining agenda geared to maintain membership or to grow membership? Does the bargaining agenda hold any benefits for workers in non-standard employment?

New modes of employment are effectively bypassing the existing regulatory framework, which is also based on a traditional notion of standard employment, resulting in high levels of insecurity with reference to pay, benefits and duration of employment. National imperatives such as that posed by the negative impact of HIV/AIDS present unions with an additional dynamic to cope with.

This edition of *Bargaining Indicators* seeks to convey the idea of ***collective bargaining conceived not only as a means of advancing the material interests of workers, but also as a tool for building the organisational base of unions***. It is this explicit linking of collective bargaining to building organisation which provides the theme of this year's *Bargaining Indicators* and it challenges the linear notion of organisation *before* representation. The suggestion is rather that organisation and representation are mutually dependent and mutually reinforcing. Some will argue that the union cannot bargain for those which it does not represent, but as one of our contributors notes, this is something that unions do all the time. The bargaining agenda should look to address the concerns of membership, but it can also be used as a tool for growing membership. By way of example, the bargaining agenda can be deployed to incentivise women to join unions as well as to confront the development of a parallel workforce of vulnerable workers which undermine the security of all.

The collection of papers in this edition of *Bargaining Indicators* explores the *shape* of a broader agenda for collective bargaining. *Quantity & Quality: Collective Bargaining Indicators 2007/2008* engages with the content of collective bargaining and the processes which define the character of a union's efforts to articulate and advance collective interests. Trenton Elsley considers what was achieved in the 2007 bargaining round and the strategic issues which these outcomes raise - from inflation to multi-year agreements and from managing information to deepening participation. A central idea which emerges here is that ***collective bargaining is best treated as a process rather than an event*** and that sustained planning and action neutralise many of the pitfalls that unions face under stop-start bargaining.

From Policy to Programme: An Empirical Assessment of Responses to HIV/AIDS in the workplace is an insightful analysis of workplace responses to HIV/AIDS drawn from a range of sources and examines the obstacles and drivers of response and non-response, both within the union and without. Nina Benjamin finds that a linking of HIV/AIDS and gender in unions is not because of recognition of the gendered dimension of the disease but is instead a symptom of the compartmentalisation of the issue. ***HIV/AIDS is marginalised by linking it to another marginalised issue.***

Business as Usual? Trade Unions and the Restructuring of Work is an important first step in mapping out the forms that the restructuring of work has taken, and one which positions us to begin to develop a clear vision for resisting and accommodating the changing nature of work. Jan Theron argues that the bargaining agenda needs to tackle the different faces of informalisation and that it needs to situate responses at the microeconomic level within ***a broader vision of what is to be defended, what is to be accommodated and what is to be attacked directly.***

Increasingly South Africa is not just a gateway for investment into Africa by foreign multinationals, but South African capital itself is moving to capture markets in the region. *The Sting in the Tail: Retail Unions Organising at Shoprite* introduces a regional dimension to collective bargaining and Saliem Patel invites unions to reflect on the possibilities for regional engagement with multinational companies. The underlying strategic principle here is that by developing regional responses to regional capital labour is better positioned to ***limit the ability of companies to diffuse the national power of unions into the rest of the continent.***

Macroeconomic Indicators for Collective Bargaining sets out to make key macroeconomic concepts accessible to unionists. Seeraj Mohammed describes a macroeconomic landscape in South Africa characterised by debt driven, consumption-led economic growth which has not deepened industrial development and is not the kind of growth necessary for addressing the problems of poverty, inequality and unemployment. The author is concerned with the political economy so often obscured by a mainstream discourse, which paints the relationships between macroeconomic variables as objective realities which must be passively accepted. Mohammed asserts that these relationships are not only technical but are shaped by the institutional structure and power relations in a society. The message is clear, ***organised labour can and should attempt to shape the type of economic growth required to address poverty and inequality in South Africa.***

The *Directors' Fees Survey 2008* provides unions with alternative benchmarks for collective bargaining. Steve Akoth describes how top management at a sample of listed companies is being rewarded or is rewarding itself. Negotiators are encouraged to apply this kind of analysis to the companies which they deal with and to use it as a way of expanding the reference points for bargaining. ***Why should the rate of increase in ordinary wages not match increases in executive pay***, to say nothing of the actual levels of remuneration in money terms? This year the analysis includes an examination of the principles that underpin executive remuneration.

At this particular time in our short post-Apartheid history one cannot write about the trade union movement without invoking politics. There is a widespread perception that we have entered into a period of political *fluidity* in South Africa. Without being overly melodramatic, democratic processes have delivered a power shift within the ruling party of such magnitude that the sitting government is something of an outcast within its own party. COSATU and the SACP believe that the alliance is alive again, that the ANC is genuinely listening to its alliance partners. There is a palpable excitement within the unions at the prospect of a more sympathetic government.

Even so, it is critical that improved political weight is underpinned by labour's organisational weight. ***Organised labour should not mistake the gains it makes for the factors that make those gains possible.*** The point is well made through this insight into the recent history of progressive trade unions in South Africa.

"…the real gains made by the emergent unions…was not the labour legislation adopted in the 1990s, but the organisational gains which made them possible."[1]

[1] Theron J, 2008, Business as Usual? Trade Unions and the Restructuring of Work

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QUANTITY AND QUALITY: COLLECTIVE BARGAINING INDICATORS 2007/2008

Trenton Elsley, Labour Research Service

INTRODUCTION

The last couple of years have seen a rejuvenation of collective bargaining within trade unions. Unions appear willing to invest more time and resources in collective bargaining. The evidence is a renewed willingness on the part of unions to participate in and commission research and capacity building engagements and a steady flow of requests for more strategic support rather than information alone. At federation level there is a recognition that the economy by itself will not deliver a more equitable distribution of wealth and more than this that conditions have arisen which are eroding labour's ability to organise and to contest.

"The need for better collective bargaining strategies cannot be over-emphasised. The increasing number of unemployed, the rise in atypical forms of employment and the decline in bargaining councils all mean that the ability and strength of the workers to bargain for a living wage has come under severe pressure." – COSATU CEC statement, 28 February 2008.

Implicit in this statement is the idea that unions must guard the base of the organisation as a priority. This suggests a healthy disillusionment in the potential of external forces, be they party or state, to deliver on working class interests.

This return to collective bargaining also coincides with the emergence of a new layer of shop stewards, organisers and office bearers. It may be that unions recognise this and wish to skill this new layer up. It may be that this new layer is itself pushing for collective bargaining support as it looks for ways to meet the needs of members. Most likely it is a combination of the two.

On the other hand there is a sense that many unions treat collective bargaining as an event, something which comes along once a year. There is a great buzz of activity as negotiations loom and negotiators rush to gather information and assistance for bargaining. Many will go into negotiations with very little preparation. Once negotiations are complete however, collective bargaining is put down until the next year. This has a number of implications for unions and we argue that collective bargaining is best approached as a *process* rather than an *event*.

What is apparent is that negotiators are eager to see information translated into strategies and workable tools that they can utilise and develop further. We take this as our brief for this particular paper.

In the first section we look at the outcomes of collective bargaining as it is reported in collective agreement. This includes wage outcomes and inflation, as well as those outcomes which relate to non-wage conditions of employment. We also draw on other work with unions and their representatives which provides further insight into collective bargaining dynamics.

The second section is dedicated to developing strategic and practical responses to the issues that emerge and which assist negotiators in subsequent bargaining rounds.

METHODOLOGICAL NOTES

Collective agreements were gathered through trade unions and bargaining councils. The types of agreements we received varied in their scope from a comprehensive consolidated agreement to a more limited substantive agreement containing only a handful of clauses to agreements that address wage increases only. We wish to extend our thanks to all the unions and bargaining council representatives that assisted with this process.

The sample includes coverage of 30 out of an estimated 48 bargaining councils in South Africa. The sample includes distinctive chambers of certain bargaining councils. The chambers of the national bargaining council for the chemical industry is one such example and includes industrial chemicals, fast moving consumer goods, glass, petroleum and the pharmaceutical industries. We gather agreements each year, but also draw on an historical body of evidence captured in the Labour Research Service (LRS) Actual Wage Rates Database (AWARD). This includes information from over 300 bargaining units, although response rates do vary for different variables.

Our analytical framework includes wage and non-wage variables. Wherever possible we capture the lowest wage in the bargaining unit, the highest wage and the wage rate for an occupation that could be considered distinctive of the industry covered by the agreement. In some instances bargaining councils set different wage rates for different geographical areas and we capture some of this variation.

Non-wage variables are divided into a number of categories. The first category of clauses relate to hours of work and other elements which influence wages such as shift allowances. We consider a variety of leave types including annual leave, maternity, paternity and sick leave. We employ a cross-cutting theme which examines clauses which may be said to influence the way men and women relate to work. There are a number of variables here – maternity and paternity entitlements along with a broader conception of family responsibility. We are also interested in a range of supporting clauses in this regard, clauses which give substance to these rights or entitlements. Security is a further avenue of enquiry and includes severance pay, notice periods, provident funds and responses to labour-broking and other forms of precarious employment. We also look for evidence of responses to HIV/AIDS and education and training in the workplace.

Information Management

Unions continue to struggle to manage the volume of information generated by collective bargaining and as a result agreements are often not readily accessible to the union. Unions which engage in a lot of decentralised bargaining involving a large number of different bargaining units have an especially difficult time of it, but they are not alone and centralised bargaining presents similar problems.

The more agreements you have to manage the more difficult the task. But even in the case of centralised bargaining, any number of issues will be decided at plant level rather than at the bargaining council and this is another layer of information to be tracked.

In the bargaining council for the chemical industry none of the chambers consolidate their agreement. This means that it becomes increasingly difficult over time to know what the full agreement looks like.
The fact that unions are somewhat technologically challenged doesn't help matters.

These dynamics influence trade unions as organisations in a number of ways:

- Organisational continuity – Unions face relatively high levels of turnover across the organisation and its elected representatives. Where information is highly fragmented there is increased danger of major breaks in continuity. Another example would be new organisers and/or shop stewards not being clear what the existing conditions of employment are at a particular company, which leaves them in a very weak position in terms of collective bargaining.
- Enabling reflection, research and strategic development - Issues which arise during the bargaining season are generally not followed through and there is little room for reflection on the process, very little room to learn from the past round and to further develop strategy and resources.
- What is happening at plant level and at smaller enterprises is largely invisible to the union.
- A continuing trend towards longer term agreement only raises the stakes. If the union underperforms in a bargaining year then it must live with the results for a longer period.

The Content of Collective Bargaining

Looking at hundreds of agreements leaves one with the overwhelming impression that the Basic Conditions of Employment Act (BCEA) is operating more as a benchmark than a floor. Generally speaking there is only minor variation of the terms of the BCEA in collective agreement, although there are of course exceptions.

Generally speaking, centralised bargaining lends itself to more complex arrangements than does decentralised bargaining. This refers to instruments like provident, medical and leave funds. There is also evidence of a more nuanced approach to some conditions of employment in centralised agreements, with detailed clauses which anticipate some of the questions that implementing the agreement will throw up. Within decentralised bargaining there is a trend for better agreements (more nuanced and better benefits) with larger, national companies.

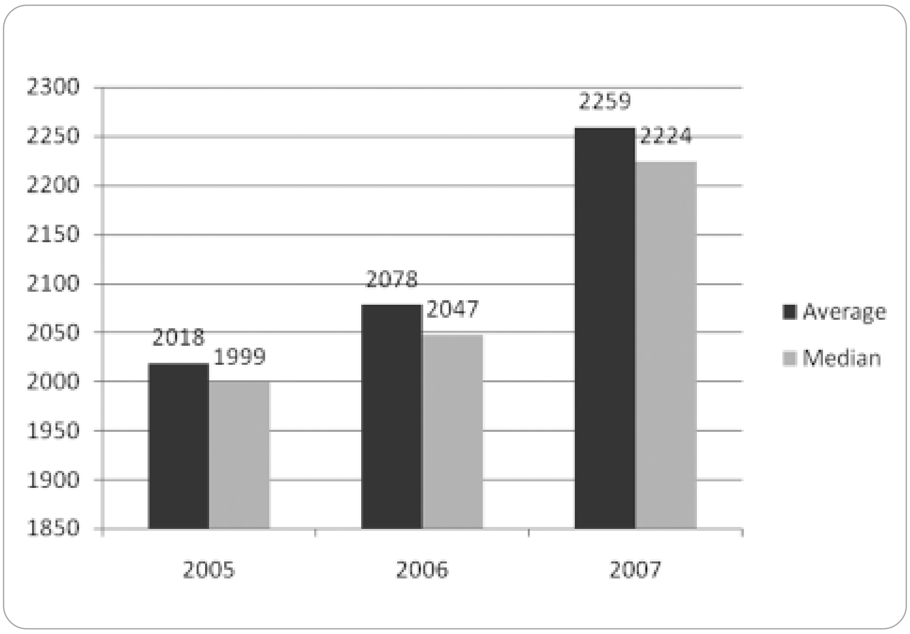
There are limits on the centralised bargaining agenda and certain outcomes are still negotiated at company level. It has been noted that centralised agreements tend to prohibit plant-level bargaining over issues covered in the council agreement, but there are certain outcomes that can only be achieved at company level. For instance, unions are unlikely to be able to take full advantage of extraordinary company performance through centralised bargaining structures. This is not a criticism of centralised bargaining, but rather a benefit of decentralised bargaining.

Industry-based variations in wages and conditions apply to both levels of bargaining.

Wages

We find that the average minimum wage coming out of centralised bargaining was a little over R2200 per month. The median[1] presents a very similar value.

Figure 1: The wage floor in centralised bargaining 2007



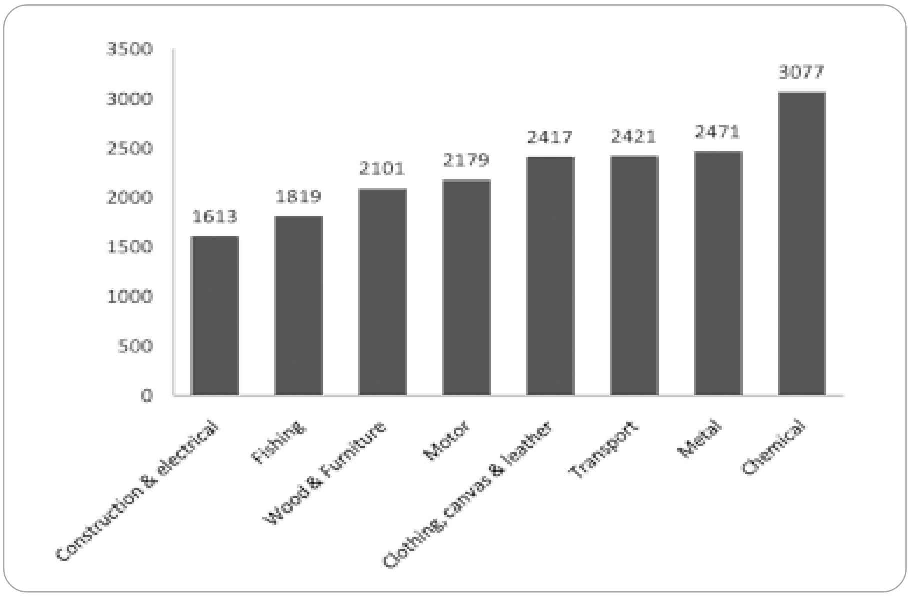
Over the years we have explored differences in wage outcomes between centralised and decentralised bargaining, but it has been difficult to pronounce conclusively on the matter. Generally speaking there is not much difference in wage levels and settlement levels for the two levels of bargaining.

[1] The median is an alternative to the average (or mean) and describes the number in the middle of a range of numbers. Put another way, half of the numbers in the range will be equal to or less than the median, while half will be equal to or greater than the median. The median is less influenced by uncommonly large or small numbers in a range of numbers than the average.

We attempted to distinguish between general minimums and occupational minimums. What we call general minimums are entry level minimums which do not refer to any occupation in particular and set an amount which no one in the bargaining unit should earn less than. Occupational minimums also function as entry level wages but they make reference to a particular occupation. We found little difference between the two categories which suggests that ***a range of occupations such as cleaner, general worker, labourer and security guard are effectively minimum wage designations***.

There remains significant unevenness in wage levels between industries or sectors and between companies in the same industry. As one trade union representative put it, *"Our demands are the same but the outcomes are not…"*

Figure 2: The wage floor at industry level (2007)



The extent of these variations and the reasons for them have implications for unions that want to develop more integrated approaches to collective bargaining by setting core demands that apply across sectors or aim to harmonise wages and conditions across different sectors and bargaining units.

If the union wishes to preserve the integrity of their collective bargaining strategy it should be informed and supported by research which maps out the variation between companies, sectors and industries. In this way a strategy could be developed which sets a framework for negotiators, but which also anticipates a certain amount of variation in settlements.

The average increase in minimum wages in centralised bargaining in 2007 was 7.8 percent. If we factor in a substantial adjustment of forecourt attendants' wages (under the Motor Industry Bargaining Council) the average increase was 8.8 percent.

Figure 3: Low wage settlement levels in centralised bargaining (2007)

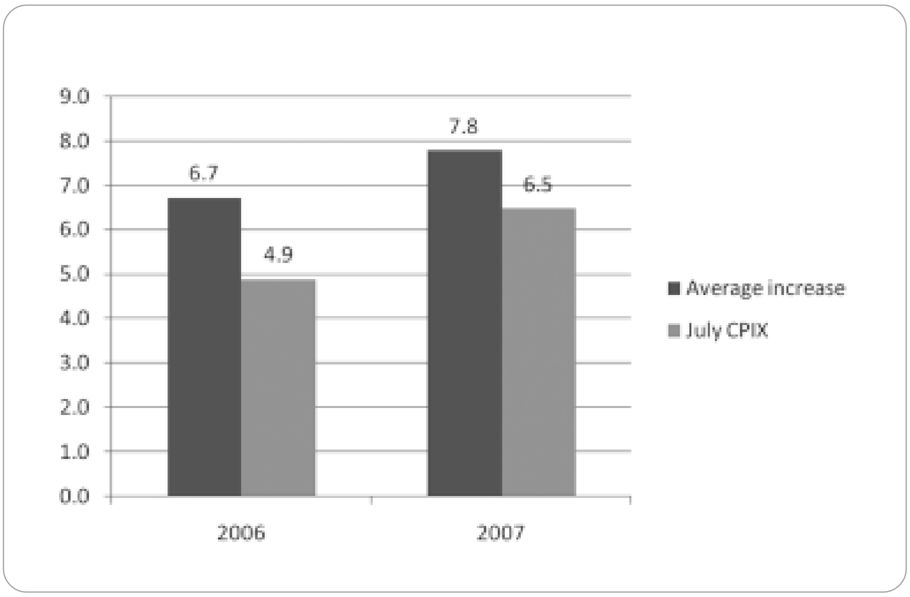
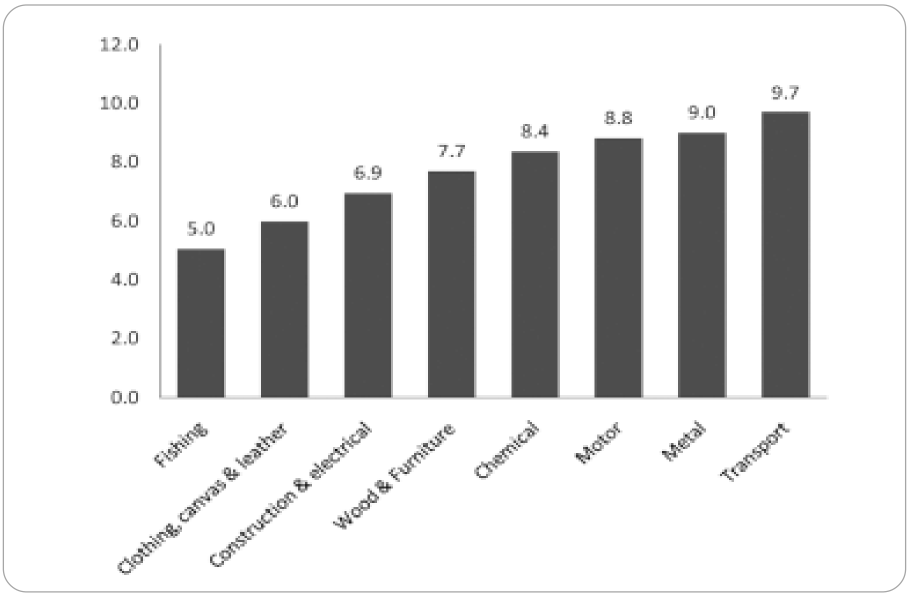


Figure 4: Minimum wage increases in centralised bargaining by industry (2007)



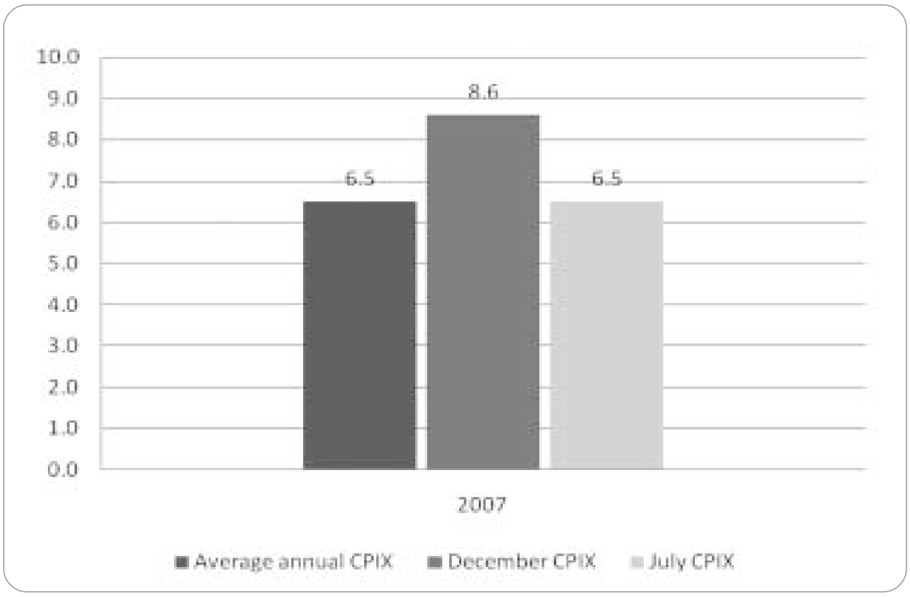
Settlement levels in 2007 suggest that collective bargaining has been sensitive to an inflationary environment and in fact I would say that the response is a speedy one. In last year's issue of *Bargaining Indicators* I argue that settlement levels in collective bargaining tend to lag behind sudden increases in inflation, but that once an inflationary expectation has established itself settlement levels tend to ride ahead of inflation indices in subsequent years. It is true that inflation moved more erratically the last time it spiked (2001/2002), but even so wage settlements in the course of 2007 do well to anticipate the continuing rise of inflation that year.

When compared to average (annualised) CPIX for 2007, the real wage effect of a 7.8 percent increase in 2007 looks to have been 1.3 percent. Measured against December CPIX the average real wage increase in 2007 is negative 0.8 percent. It is a question of what the implementation month of the agreement is.

Since wage bargaining is forward looking and inflation statistics are backward looking we should compare 2007 wage increases to the annualised inflation rate reported in 2008. For example, we know now that CPIX was 11.1percent at May 2008. This figure refers to the twelve month period May 2007 to May 2008. **If we hold our average increase of 7.8 percent up against this May 2008 CPIX figure we find that it falls short of inflation by 3.3 percent, which is not good news.**

We believe that negotiators should match wage increases to the inflation rate for the particular month of the year which is the implement date of the wage increase, rather than use the average for the year. This allows a more accurate assessment of real wage gains and losses.

Figure 5: Different benchmarks of inflation



As another example, let us say that I negotiated a wage increase of 7 percent in December of 2006. Let us also say that in December 2007 I want to look back and assess the real value of that wage increase.

If I used average annualised inflation over the whole year (6.5 percent) as my benchmark I would say that the real wage increase was 0.5 percent. However, inflation for December was actually a significantly higher figure of 8.6 percent, so in this case there was no real wage gain, but rather a loss of 1.6 percent.

The fact that July CPIX is identical to the annual average in the graph above is nothing more than a coincidence.

Across-the-board increases are becoming increasingly routine, rather than the staggered wage adjustments which were relatively common in years gone by. One unionist suggested that there is now less emphasis on closing the so-called apartheid wage gap and as a result there is less emphasis placed on this device. The implication was that the gap had been closed. If this is true it is likely only to be true within the scope of the bargaining unit and would leave wage gaps across the broader enterprise unaffected. It would also not likely have transformed the level at which low end wages are pitched.

A reversion to across the board increases is perhaps also an attempt to avoid antagonising members in higher wage bands who might otherwise resent having to settle for a lower percentage in relation to lower wage earners in the same bargaining unit.

A further note on the subject of wage gaps is warranted. It is all very well to criticise unions for allowing some wage drift within the bargaining unit, but what of the far greater wage gap across the broader enterprise? If we insist that unions police the wage gap across the (generally lower) occupational bands that make up the bargaining unit, then we must also consider the far more considerable gap between those within the bargaining unit and those that lie outside of the bargaining unit (generally higher occupational bands and management). The implication is that unions should introduce the level of awards made to those who lie outside of the bargaining unit, such as managers and directors, as an additional benchmark in negotiations.
There is a general trend for a number of allowances, such as shift allowances, to be adjusted only rarely. ***If allowances are set as a percentage of wages then the allowance will retain its value in relation to wages. If however a particular benefit is set as a money amount then the real value of this amount will decline over time.***

Long live a living wage campaign!

Our estimates of the wage floor in the formal economy indicate that the struggle to secure a living wage is not over, but finding an appropriate benchmark in this regard is increasingly difficult. It would appear that the few living level surveys which remained have been discontinued in recent years as the institutions that administered them struggled to finance these activities.

The last living level survey that we have dates back to 2004 and is fraught with methodological concerns. For this reason we resist the temptation to provide a money estimate of what a current living level might be[2].

It is noteworthy that the Treasury has commissioned Statistics South Africa to develop a poverty datum line as one of a series of instruments to better measure poverty in the future. A NEDLAC poverty measures task team is currently grappling with this issue.

A clear divide has emerged within the task team with Government wanting a relatively simplistic money-only poverty line, while Labour and Community believe that a poverty measure should be multi-dimensional and draw on key elements of the Constitution of South Africa in determining indicators for the measurement of who is and is not living in poverty. In this way indicators of poverty might include access to housing, services, education and healthcare and not simply be reduced to the amount of money required to buy enough food to survive. ***We urge labour leaders to move this issue (the measurement of poverty) up the agenda as it may have profound implications for national policy formation in the future as well as collective bargaining.***

[2] For those of you who simply must know, a crude adjustment of the last available estimate (Bureau of Market Research, UNISA, September 2004) by CPIX to make it current at May 2008 yields a figure of R3357 for what they termed the "average African family".

"…one increasingly hears of the 'working class and the poor' spoken in the same breath. The implication is that the working class is not necessarily poor and the poor are not necessarily working class."

- Theron J, 2008, *Business as usual? Trade unions and the restructuring of work*, in *Bargaining Indicators 2008*, LRS, Cape Town.

One could argue that the conceptualisation of poverty evident in mainstream discourse is segmenting what it is to be poor. There is talk of the working class and the poor as if the two categories were mutually exclusive.

There is a danger of still further segmentation whereby the ultra-poor are separated out from the poor, so in a perverse way it would not be sufficient to just be poor to warrant social assistance or developmental intervention.

I believe that the two civil society groupings (Labour and Community) would like to see the bar raised on a poverty measure so that it really meant something not to be living in poverty. This approach is politically unpalatable to government because a measure set too *high* would signal that a greater proportion of South Africans were living in poverty than if the measure were set very low.

There is a strong argument for concerted action by labour to develop an independent, but credible living level measure. Collective action would ensure that economy wide concerns were aired and would make it far easier to secure resources for implementing and seeing through a complex undertaking of this kind. It would also guard against the inappropriate application of a poverty measure, for example, as a benchmark of a living wage in collective bargaining.

INFLATION MONITOR

Not so long ago trade union negotiators were complaining that low inflation was hampering their efforts to win better wage increases and that members were dissatisfied with wage increases in the low single digits. Now that inflation is on the run, double digit wage settlements are becoming increasingly likely. Both scenarios are evidence of the fact that inflation has become a dominant benchmark in wage bargaining.

When inflation was particularly low there were a number of voices calling for an alternative to inflation bargaining and although calls for alternatives have become somewhat muted in the current high inflation environment the reasons underlying such calls remain relevant.

Using inflation as the only benchmark for wage negotiations is problematic. Apart from being unable to meet member expectations for wage increases in times of low inflation, and even if members appear more satisfied with higher settlements in times of high inflation, ***the exclusive use of inflation as a benchmark limits the scope for workers to increase their share of the value that they create in the production of goods and services.***

There are a number of questions we might ask. Are there any bargaining models being used which link remuneration to value added and to the profit margins of the enterprise/s in question? What shapes are these models taking? Is there any productivity bargaining taking place in South Africa? What are the advantages and dangers of existing models for worker interests? This is a space we will attempt to open up on the way to the next edition of *Bargaining Indicators*, because a wage bargaining strategy that relies almost exclusively on inflation is quite simply incomplete.

For the moment let us accept that inflation remains an important benchmark for wage negotiations. It is a measure of the extent to which workers' buying power is being eroded by rising prices. The point is that it should be one benchmark amongst others, not the only benchmark.
Even so, it remains important that negotiators are familiar with key aspects of inflation and have a strategy for dealing with this issue in its own right in negotiations or they will be out-manoeuvred on this score. ***At the very least, inflation benchmarking can be used as a tool for formulating a bottom-line wage demand or a demand which seeks to protect real incomes from falling.***

We need to move away from the current scenario whereby employers come to the table with a sub-inflation proposal, which gives them room to move to somewhere close to or just above inflation. ***In principle, a mutually accepted measure of inflation should be a benchmark of where wage bargaining starts.*** No trade union can be expected to accept a sub-inflation increase (a decrease in the real value of wages) without compelling reasons. Bargaining should in principle begin at a level that is benchmarked against a mutually accepted inflation index and proceed from there. We are suggesting that unions consider introducing such an agreement in principle into negotiations. It could constitute a demand in itself, which is then put into practice in subsequent years.

This section aims to familiarise negotiators with inflation statistics, which are not as straightforward as they might seem at first glance. It provides negotiators with the latest inflation figures (at the time of publication), draws out some trends and puts forward a few guidelines for dealing with inflation in the context of collective bargaining. After all, if you know what the rules of the game are you can break them properly.

Highlights[3]

Inflation remains in an up-cycle. Food, transport, housing costs and household operation have led these increases in recent months. Food and transport are currently the main drivers of price inflation. Housing, energy, household operation and medical costs are also contributors, but at lower rates.

[3] Inflation data is sourced from Statistics South Africa, publication P0141 and is available at www.statssa.gov.za

Table 1: Inflation Indices, Jan 08 - May 08

Historical Metropolitan Areas	Jan 2007 to Jan 2008	Feb 2007 to Feb 2008	Mar 2007 to Mar 2008	Apr 2007 to Apr 2008	May 2007 to May 2008
CPI[4]	9.3%	9.8%	10.6%	11.1%	11.7%
CPIX[5]	8.8%	9.4%	10.1%	10.4%	11.1%
FOOD	13.4%	14.4%	15.3%	15.7%	17%
TRANSPORT	10.7%	13.2%	16.1%	15.6%	16.7%
ADMINISTERED PRICES[6]				16%	16.7%
CORE[7]				10.2%	11%

Recent Trends

It is well known that CPIX inflation is central to the Reserve Bank's monetary policy. The Reserve Bank holds an aggressive commitment to holding CPIX within a band of 3-6 percent and tends to raise interest rates in response to rising inflation.

As the figure below suggests, ***CPIX is generally a higher value than CPI. A recent trend for CPI to exceed CPIX is linked to a series of upward adjustments of the interest rate by the Reserve Bank in recent times.*** CPIX inflation specifically excludes the inflationary effect of interest rates.

Some argue that CPI would be a better measure of inflation because their members have access to credit or debt (depending on how you would like to look at it). We have no problem with negotiators using CPI rather than CPIX. The decision, whichever it is, should be one that has considered some of the possible consequences.

Because CPI is currently higher than CPIX members are likely to be comfortable with the higher index. What happens when inflation eases and/ or interest rates come down and CPI presents a lower figure than CPIX? Are members going to be happy with this? Can you switch back and forth between CPI and CPIX from one year to the next or are employers likely to force

[4] The Consumer Price Index (CPI) for metropolitan areas is known as the Headline Inflation Rate and is also referred to as the "official inflation rate". The month to month prices of over a thousand goods and services go into the calculation of CPI. CPI measures the full "basket" of goods.
[5] The Consumer Price Index excluding interest rates (CPIX) is used as a gauge of monetary policy by the Reserve Bank. The Reserve Bank uses CPIX as one means of evaluating the impact of inflation targeting policy. Since CPI is influenced by interest rate hikes it cannot be used a measure of the effect of interest rate hikes.
[6] An administered price can be defined as the price of a product or service, which is set consciously by an individual producer or group of producers and/or any price, which can be determined or influenced by government, either directly, or through one or other government agencies without reference to market forces.
The following administered prices are included in the CPI basket:

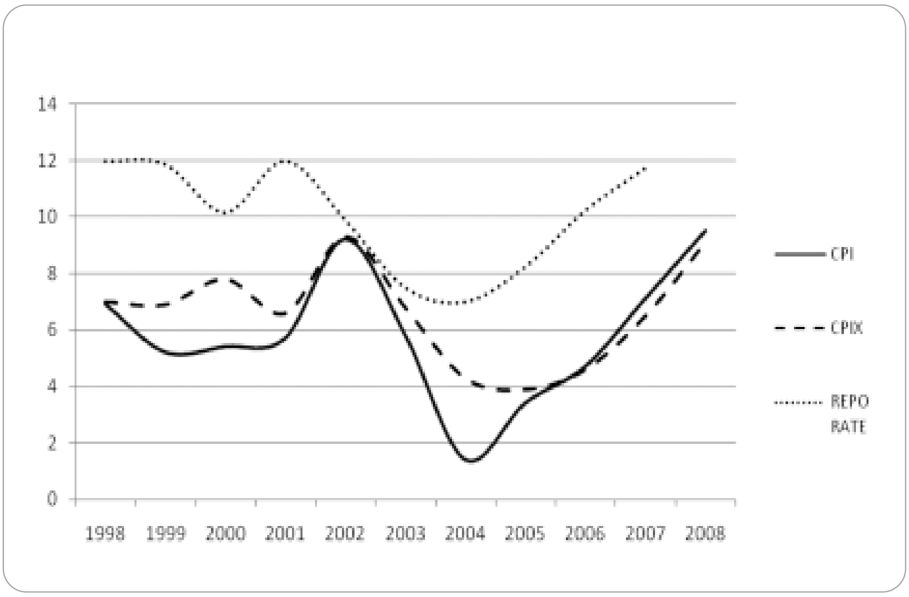
- Housing (sanitary fees, refuse removal, assessment rates, water and university boarding fees).
- Fuel and power (electricity and paraffin).
- Medical care (public hospital).
- Communication (telephone calls, telephone rent and installation, postage, cell phones connection fees and cell phones calls).
- Education (school fees and university/technicons/colleges).
- Transport (petrol, public transport – municipal buses and trains, motor licenses and registration).
- Recreation and entertainment (television licence).

[7] "The core index is derived by exclusions from the CPI on the basis that changes in their prices are policy. Exclusions from the CPI to obtain the core index, and the reasons for exclusion are as follows:

- Fresh and frozen meat and fish: Prices may be highly volatile, particularly during and following periods of drought.
- Fresh and frozen vegetables and fresh fruit and nuts: Prices may be highly volatile from month to month due to their sensitivity to climatic conditions.
- Interest rates on mortgage bonds and overdrafts/personal loans: These are excluded due to their "perverse" effect on the CPI. A tightening in monetary policy to counter inflation pressures would cause interest rates to rise and be reflected in the interest cost component of measured inflation. This, in turn, could provoke a further tightening of monetary policy resulting in excessive movements in the inflation rate.
- Changes in VAT (Value Added Tax): VAT is predominantly determined by government (fiscal policy).
- Assessment rates: These taxes are predominantly determined by local government."

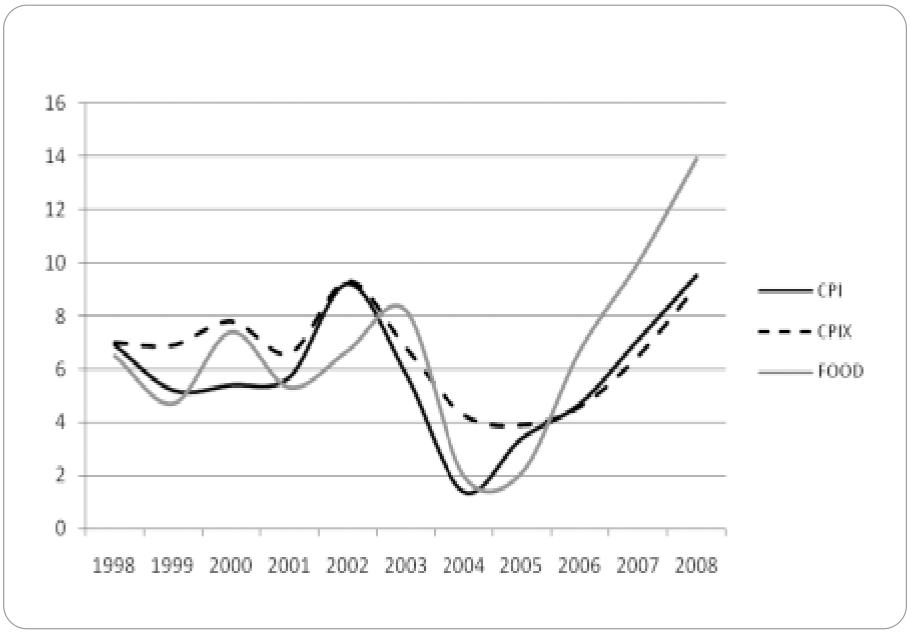
agreement on a single index? If you decide to go with CPI then you may have to stick to it.

Figure 6: Average annual increase in (annualised) inflation and the repo rate (%): 1998-2007



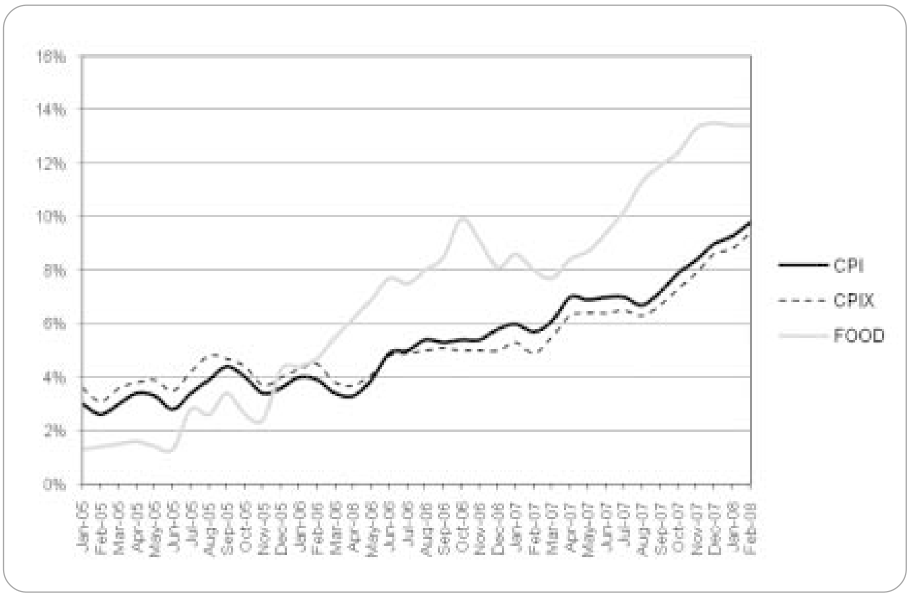
The graph below introduces average annual food price inflation (as a solid grey line). It is evident that average food price inflation tended to shadow the movement of CPIX between 1998 and 2002, but at a lower level. This changes in 2003 and food price inflation begins to diverge from CPIX to a far greater degree.

Figure 7: Average annual increase in (annualised) inflation (%): 1998-2008



The annual averages do hide some month on month variation though. The graph below shows month by month increases in these (annualised) inflation indices in more recent years.

Figure 8: Annualised monthly inflation: January 2005 to the present



We note that annualised monthly CPI has been higher than CPIX since June 2006 and that food inflation began to exceed overall inflation from December 2005.

Food price inflation remains the highest benchmark of inflation. Food inflation is a part of CPI and CPIX and currently accounts for roughly 50 percent of expenditure (spending) by households in the lower expenditure groups. The rate of food price inflation has been higher than average inflation since December 2005. The inflationary effect of increases in food prices on low expenditure households is greater than that for higher expenditure groups, because low income households spend a greater proportion of their income on food items than do higher expenditure groups.

In other words, low expenditure households are likely to have experienced a higher overall rate of price increases than average CPI or CPIX figures after December 2005 would suggest.

The main point here is that a reading of more than one inflation index or sub-index provides a better assessment of the actual inflation risk to wage incomes, whichever inflation index a union chooses to employ in collective bargaining.

In this way you would know that the current structure of inflation means that low income earners will experience a rate of inflation that is significantly higher than average CPI or CPIX in any given month, because inflation is being driven by rising food and transport costs (which make up a substantial share of their total expenditure).

NON-WAGE OUTCOMES

Now we look at conditions beyond wages. It is important to understand that although some of these so-called non-wage items do not involve an exchange of money they are nonetheless worth a great deal. That worth may be the cost of one day of leave to an employer and the benefit to the worker, or it may be deferred (delayed) income that is nonetheless monetary (as in provident and medical fund contributions). Certain benefits have an obvious social value beyond any monetary value, such as maternity leave and hours of work. These conditions are also a marker to some degree of the difference between the standard employment relationship and new forms of work (non-standard or atypical work).

For all these reasons it is prudent to have a sense of what is out there - what has been won, what is wanting in collective agreement and what is withheld from certain categories of workers.

Ordinary hours of work in collective agreement tend to equal or be slightly less than the 45 hours per week stipulated in the BCEA. Having said that, sections 11 (Compressed working week) and 12 (Averaging of hours of work) of the BCEA allow employers to intensify working time while avoiding overtime costs.

Annual leave in collective agreement is on average roughly equal to the 21 consecutive days stipulated in the BCEA. It is not unusual to find length of service increments (to leave entitlements and bonuses). While this kind of clause can be seen as an incentive to remain in employment with the same employer, it will by definition never apply to temporary workers.

Family

Here we consider conditions of employment which revolve around the maintenance and care of socially accepted activities and values, specifically birth, care-giving and death in family formations.

Maternity leave is generally stated as four months at 33 percent of basic wage, which is roughly the equivalent of the BCEA. It is not always clear whether this 33 percent refers to what the Unemployment Insurance Fund (UIF) will pay in terms of the Act or if it refers to a company contribution over and above the UIF entitlement. For companies not making a contribution to maternity pay, maternity leave holds almost no cost implications whatsoever, because the wages that they would have paid the worker who is on maternity leave are available to cover the cost of temporarily filling such a position should it be necessary. Even if a contribution of 33 percent comes from the company, the remaining 66 percent is still available for this purpose. The point is that women in the workplace cannot be perceived to be a liability on the grounds of the potential cost of maternity leave.

It is very disturbing to find what look like qualifying periods in place for maternity leave in some collective agreements. Maternity leave is a core right in the BCEA which is to say that it may not be varied by any means and explicitly guards the right of women to resume employment following maternity leave (Section 25 of the BCEA with reference to section 187 (1)(e) of the LRA).

The only situation where an argument could be made for a qualifying period in relation to maternity leave is if the company is offering benefits that are superior to the BCEA, but even so the qualifying period should only apply that part of the entitlement over and above the BCEA (and not the first four months). The main agreement of the Metal and Engineering Industry Bargaining Council says exactly this.

While the collective agreement for the Footwear section of the National Bargaining Council of the Leather Industry of South Africa includes a number of progressive clauses in relation to maternity leave it also says the following:

"Section 7(3): An employee shall be entitled to be re-engaged after her maternity leave, provided she had one year's employment with an employer before proceeding on maternity leave."

There is unlikely to be a legal basis for placing a qualifying period on job security following maternity leave, and this kind of qualification could be challenged.

A final but important observation is that supporting clauses which would give proper substance to existing maternity related entitlements are mostly absent. Examples of this include a commitment by the employer to facilitate UIF claims by employees, natal care, maintaining continuity of service, maintaining benefit contributions, and providing time and facilities for nursing. An example here is the same Footwear agreement, which provides for paid time for pre-natal clinic visits.

Family responsibility leave (FRL) in collective agreement is on average equal to or marginally better than the three days stipulated in the BCEA, but the exclusions of the BCEA apply. This means that those employed for less than four months and those who work less than four days per week are not eligible for FRL. This exclusionary dynamic is true of a number of sections of the BCEA, which specifically excludes workers that fall below thresholds for time in employment and time worked in a certain period.

One may also judge conditions of employment from the perspective of equal opportunity as a way of assessing conditions of employment which affect the way men and women relate to the workplace. We have already described a range of these kinds of conditions including maternity leave and pay, health clauses as they relate to maternity and family responsibility leave. Here are the highlights:

- Constrained paternity leave (drawn from a pool of three days FRL in the BCEA);
- Total absence of parental rights in the BCEA and collective agreement[8];
- General reduction of pay to women on maternity leave (in collective agreements and the BCEA);
- Lack of supporting clauses that would give substance to those protections which do exist in the workplace for pregnant women (facilitating UIF payment, maintaining continuity of service, maintaining benefit contributions, time and support for ante- and post-natal healthcare, time and facilities for nursing);
- No provisions for childcare facilities.

[8] Parental rights are understood to apply equally to men and women, unlike paternity and maternity entitlements which are defined by being female or male.

It is fair to say that there are agreements which tackle some of these issues. The collective agreement at PG Bison (manufacturing, wood products) offers women six months maternity leave at 78 percent of basic wages. Enterprise Foods offers three months unpaid maternity leave in addition to the statutory four months and Lusitania Food Products offer a further two months. Both of these companies are in the manufacturing sector (food products). The main agreement of the clothing industry bargaining council makes explicit that maternity leave is treated as continuous service. The glass chamber of the chemical industry bargaining council commits employers to assist women in claiming from the UIF and stipulates that benefit contributions be maintained during maternity leave. In the hospitality sector, the collective agreement with the Protea Hotel Group includes six months maternity leave and a number of these supporting clauses. In the business services sector, agreement at Rentokil Tropical Plants offers six months maternity leave, treats maternity leave as continuous service and includes a commitment by the employer to assist with UIF claims.

It is generally accepted that women assume responsibility for the vast majority of care-giving in society and children are one of the principle recipients of this care-giving. ***There is little room in either legislation or collective agreement for the reallocation of time devoted to care-giving in a way that allows women the same freedom to work as men.***

Health

Sick leave entitlements are generally a fraction better than the minimum 10 days per annum allowance of the BCEA. Mining is a special case where we find instances of 42 (calendar) days sick leave per year.

There is evidence, though not widespread, of sick leave being leveraged through incentive schemes, whereby employees are paid bonuses for not taking sick leave. Such a scheme can generate perverse incentives itself, because it motivates employees to not seek medical opinion during work hours, which could have consequences for their health.

There is limited evidence of medical aid coverage in collective agreement, although there are many exceptions. A shift to address this question comes through very strongly in feedback from negotiators on what members want to see on the negotiating table this year.

There is very little evidence of practical responses to HIV/ AIDS in the workplace. The impression one gets is that where there are measures in place it is companies who are leading the way. This is not necessarily bad for workers, but responses to HIV/AIDS can take many shapes and invoke sensitive issues around disclosure and stigma, as examples. Unions are of course well positioned to understand the needs of workers and consider those needs in the formulation of workplace responses to the disease. It is therefore a concern that most unions still appear to be grappling with how to take this issue forward effectively.

Education and Training

There is very little evidence of practical implementation of skills development. A notable exception is the agreement within the National Bargaining Forum for the automobile manufacturing industry which allows for some payment for skills acquired whether or not they are utilised in the workplace.

There is some evidence of study leave in collective agreement and it is generally two days leave per subject. We find limited evidence of allowances or other incentives for further education and training.

Even so, what we generally see supports the idea that the Skills Development Act (SDA) has divorced skills and training from the collective bargaining agenda. The difficulty here is that skills and development are intimately linked to pay and occupational progression. We have seen a number of requests for labour-friendly occupational grading expertise by unions at company level. The fact is that this area is dominated by commercial entities and they are in turn commissioned by business. They are unlikely to deliver a framework which transforms the workplace in terms of recognition of value, remuneration scales or the scope of managerial prerogative.

Unions might consider bringing skills development back into collective bargaining and also stepping up their representation and level of engagement in SETAs. ***But the fact that SETAs, by their own admission, are passive on skills development only underlines the need for labour to approach skills development with a plan of their own.*** The SETA may serve as a *vehicle* for a well formed plan, but is not a plan in itself.

Security

We now examine those aspects of the employment relationship in collective agreements, which broadly relate to the issue of security of employment.

Severance pay in collective agreements is roughly equal to the terms of the BCEA. An example of how the BCEA is not necessarily a floor of entitlements that one can automatically assume are in effect is the fact that the main agreement of the MEIBC only brings severance pay in line with the BCEA in 2005.

Provident funds provide some measure of security after employment (e.g. retirement or retrenchment). There is very limited evidence of provident funds in collective agreements, which suggests that this facility is not commonplace.

Generally speaking there is limited evidence of the extension of “standard” benefits to non-standard workers, but also a sense that there are more efforts to address precarious or insecure employment in collective agreement than in previous years.

Here are some examples of responses to precarious employment:

- The extension of agreements to labour brokers (a strong response which removes much of the premium on non-standard employment);
- Permanent positions not to be filled by labour brokers;
- A commitment to employ casuals full time and to halt the indefinite roll-over of fixed term contracts, consulting before outsourcing;
- Establishing principles of engagement on the issue; and
- Deferring the matter to company level.

These responses are drawn almost exclusively from agreements that fall under the bargaining council for the chemical industry. This gives you a sense of the fragmented nature of responses to the issue even within a single bargaining structure.

NEW AND RENEWED APPROACHES TO COLLECTIVE BARGAINING

The aim of this final section is to build on the observations regarding collective bargaining that have just been outlined. An overarching recommendation emerges to the effect that collective bargaining is perhaps best approached as a *process* rather than an *event*. Unions are unlikely to avoid many of the dangers and obstacles described earlier under a "stop-start" approach to bargaining.

Information as Intellectual Asset

Earlier we made a number of observations that related to the ability of unions to manage information and the important implications of the resulting fragmentation of knowledge. ***This knowledge of collective bargaining and of workplaces is a major asset of the union. The challenge is to develop a more conscious approach to managing information.*** Even a basic information management strategy that was focused on certain key activities could make a big difference to the union.

Possible measures to better manage information:

- Copies of all collective agreements and other key documents lodged at a central point;
- Resource allocation for capturing this information in a way that lends itself to analysis;
- Resource allocation for analysis of this body of information;
- Access to such information is actively encouraged and facilitated, especially as a means of empowering new worker representatives.

What this enables:

- Analysis of the outcomes of the trade unions efforts to represent workers through collective bargaining;
- Reflection on settlement trends;
- Knowledge of what is happening at plant level and at smaller enterprises;
- Measuring progress against union resolutions and other indicators;
- Informed preparation for collective bargaining and cross-referencing of conditions;

- Research and reflection on union strategy, goals and outcomes.

The Labour Research Service (LRS) has dedicated a great deal of time and resources since its establishment in the mid-eighties to developing a system, the Actual Wage Rates Database (AWARD), that captures the outcomes of collective bargaining, but which also translates this information into an empirical base for strategic reflection and planning. Suffice to say that the true potential of this resource is only realised in partnership with trade unions. We hope to deepen existing partnerships with unions and to forge new relationships in a continuous effort to provide an enabling resource base for the labour movement.

What Negotiators Want, What Negotiators Need

We asked our reference group of negotiators[9] to identify what they thought would make a significant impact on their ability to negotiate better outcomes. We asked them what they needed from the following categories;

- Information;
- Skills;
- Organising;
- Industry;
- Servicing; and
- The Union.

The tables below also indicate the proportion of responses that involved more than one of the possible answers (SEVERAL) and when the respondent selected all of the possible answers (ALL). The columns shaded in grey are intended to lead the reader's eye to those sub-categories with the highest scores.

Respondents were able to provide an answer that was not offered in the closed questionnaire, but very few emerged and they do not contradict or add much to the analysis.

Table 2: What Negotiators Want

INFORMATION Sector performance	Company performance	Inflation	Company benchmarks	Several	All
23%	5%	32**%**	0%	14%	1%

Negotiators need information on inflation and sector performance, which implies that they have very little to draw on before they go into negotiations. These responses match the steady stream of ad hoc requests for inflation, sector and company specific information that we (the LRS) receive during the bargaining season.

Table 3: What Negotiators Want

SKILLS Organising skills	Negotiating skills	Labour regulations in practice	Numerical skills for bargaining	Several	All
1%	49%	5%	7%	30%	7%

Negotiators want to develop their skills, especially those that will enhance their ability to negotiate. What negotiators mean by "negotiating skills" warrants

[9] See profile of participants in the 2008 LRS Negotiators Conference in Appendix 2.

further investigation, but my current understanding is that they are referring to practical, "ready to wear" resources and strategies which they can use in collective bargaining. Two simple examples would be a formulaic tool for dealing with inflation and model clauses for incorporating issues like HIV/AIDS and labour broking in collective bargaining.

The fact that "organising skills" scores so low here hints at a conceptual delinking of organising from collective bargaining, as if the two processes were not in any way connected or mutually reinforcing.

It also implies that organisers feel that they have the skills they need. Such confidence in the face of profound changes to the character of employment relationships is surprising.

Table 4: What Negotiators Want

ORGANISING Representivity	Mandating processes	Communicating with members during negotiations	Several	All
7	29%	33%	14%	17%

Negotiators believe that improved mandating and better communications with members during negotiations would improve the outcomes of collective bargaining. Almost 20 percent of the respondents felt that improvements in all three areas would benefit negotiations.

It is a little surprising that representivity should score so low here, because it is a common cause for concern when speaking to many trade unionists. It is the issue of representivity that threatens a number of existing bargaining councils and frustrates efforts to create new bargaining councils. At plant or company level of course there can be no recognition without representivity and therefore no bargaining.

Table 5: What Negotiators Want

INDUSTRY Better industry performance	Better company performance	Several	All
63%	32%	-	5%

Two thirds of respondents felt that better industry performance would allow for improvements in collective bargaining outcomes, while a third preferred improved company performance. This may reflect the fact that the majority of respondents are involved in centralised bargaining forums.

Table 6: What Negotiators Want

SERVICING Shop steward development	Organiser development	Several	All
68%	16%	-	17%

Shop stewards emerged as the preferred target for development in the context of improving collective bargaining outcomes. Sixteen percent of respondents wanted organisers developed, and a further 17 percent of respondents selected both roles. The fact that the role of organiser emerges most strongly in the context of servicing members suggests that this forms a large part of what organisers do. Unions need to assess whether this is an appropriate focus for organisers and what the implications are for recruiting new members. Are organisers meant to maintain membership or grow membership?

Table 7: What Negotiators Want

UNION More planning before negotiations	Support during negotiations	Support during the year	Several	All
53%	7%	7%	14%	19%

The majority of respondents identified more planning before negotiations as a means of improving collective bargaining outcomes. An emphasis on planning suggests that negotiators want a guiding framework for collective bargaining and more time and attention to mandating processes and demand formulation. Almost 20 percent of respondents selected all the possible answers, which means that they also want more support during the year and during negotiations.

The Quality of Participation in Collective Bargaining

We asked our group of negotiators what structures influenced the shape of demands and the shape of settlements. The table below describes the responses.

Table 8: Trade Union Structures and Collective Bargaining

INFLUENCE	Which processes have the most influence on the shape of demands that are taken into bargaining?	Which processes have the most influence on the shape of the final settlement?
NATIONAL	42%	44%
PLANT LEVEL	20%	21%
REGIONAL	11%	23%
MORE THAN ONE LEVEL	18%	9%
LOCAL	9%	2%

The fact that the local level appears to have such limited influence on the shaping of demands and shape of the final settlement is of concern. It may be that local structures no longer exist for some unions, that they are not functioning or that the mandating process bypasses them.

What is encouraging is that plant level structures do appear to exert significant influence on collective bargaining. Even so, the impression one gets is that there is not much by way of an intermediate level between plant and regional structures. Even if regions are making a good effort to link with the plant level this dynamic is likely to place a limit on the extent and depth of participation by worker representatives in the union.

The point of raising such a possibility is only to guard against organisation practices that might allow members to become disconnected from collective bargaining and the further possibility that a settlement is deligitimised in their minds, or to put it another way, that the union does not appear to represent their interests. Shop stewards in particular are a layer which unions ought to integrate as vigorously as possible.

The implication is simply that unions ought to reflect on their approaches to collective bargaining with an eye on participation, asking questions like:

- What is the extent of involvement in the process - How many layers are involved?
- What is the depth of involvement - How do different layers influence the process?
- What is the perception of involvement - How effectively does the union communicate the process to the various layers while it is underway?

The Content of Collective Bargaining

There is evidence that only a relatively narrow range of items are actually addressed from year to year in collective bargaining. This is especially true for decentralised bargaining, though not limited to this level. A very limited set of outcomes, sometimes limited to wages only, can be a sign of isolated union representatives entering into bargaining with limited skills and support. Unions might consider shining a light on decentralised bargaining again with a view to extending support and broadening the agenda or at least extracting concessions for a narrow agenda.

Phrases in collective agreement such as "*In respect of all other conditions of employment the status quo remains.*" and "*…as per the BCEA*" are further examples of a process of fragmentation embedded in the language of collective agreement itself. Does everybody know what the status quo is? Why not restate the terms of the BCEA that are being referenced to avoid any uncertainty or differences of interpretation? Shorter agreements are not better agreements.

WAGE DEMANDS IN 2008

What are Negotiators saying?

We asked negotiators what wage demands were emerging for this 2008 round of collective bargaining. The responses are summarised in the table below.

About half of the respondents provided a quantified wage demand. Responses ranged from "CPIX plus one" to 20 percent. ***The median wage demand for 2008 was 15 percent.***

Only six percent of respondents explicitly linked wage increases to inflation, including the inflation formula of CPIX + 1. The inflation formula was provided by respondents in the public sector.

Almost a third of respondents did not quantify the wage increase, although the questionnaire asked them to be as specific as possible. One does not know if the responses are simply guarded or if a definitive wage demand has not yet emerged.

With CPIX edging past 11 percent at the time of publication, very few signs of inflation beginning to slow and federation level calls for double digit increases in the 2008 bargaining round, the scene is set for a season of hard bargaining. It is interesting that at least one employer, Anglo Platinum, has already unilaterally upped its wage increase to workers by way of an ex gratia payment, which takes the overall adjustment into double figures. One can only assume that they anticipated that the union would act to bring wage settlements in line with current inflation and wanted to pre-empt this.

The usual voices will accuse labour of contributing to an inflation spiral by making higher demands, but as usual will be unable to explain why workers should make a double sacrifice - accept cost increases passed on by producers as well as sub-inflation increases - resulting in significant real wage decline.

A fifth of our respondents made reference to the minimum wage or a living wage, but less than half of them quantified it. Those that did quantify a minimum wage put it at R4000 per month. However you cut it, it is clear that a traditional union concern for where the wage floor is situated is still present.

Eleven percent of respondents listed shift allowances as a demand. Previously we have observed that allowances tend to change only rarely. So perhaps this demand reflects the fact that shift allowances are perceived to be due for adjustment. It may also indicate that allowances are an increasingly important determinant of workers' wages at the end of the month. Five out of six references to shift allowances were from respondents in the manufacturing sector.

We noted earlier the need to keep an eye on benefits and allowances set as money amounts and which sometimes remain static for long periods. The real value of allowances set as money amounts can fall dramatically over time and should be adjusted upwards routinely. Some allowances, like those for shift work, are generally expressed as a percentage and are explicitly linked to basic wages. By stating an allowance as a percentage of basic wages you are assured that the allowance will move in line with movements in basic wages.

From the mouths of negotiators:

Table 9: Wage Demands for 2008

WAGE RELATED DEMANDS	PROPORTION OF RESPONSES	VALUE
WAGE INCREASE QUANTIFIED	28%	15%
WAGE INCREASE UNQUANTIFIED	30%	-
SHIFT ALLOWANCE	11%	15-20%
MINIMUM WAGE REFERENCE	9%	-
LINKING WAGES & INFLATION	6%	-
MINIMUM WAGE QUANTIFIED	6%	R4000
LIVING WAGE REFERENCE	5%	-
13TH CHEQUE	5%	-

It is common practice now for employers to adopt a cost-to-company approach to collective bargaining. The rationale for such an approach is easy to understand. Employers want to keep the total cost of employment in sight at all times. The approach is not problematic in and of itself and even offers negotiators some freedom in allocating increases to items that are most important to their members. ***What negotiators need to guard against is employers making predetermined decisions about the settlement level under the cover of this cost-to-company approach.*** In essence they come to the table saying, *"We've decided on the size of the* *pie, but you can cut it".* Negotiators should not allow employers to short circuit negotiations in this way.

This kind of employer strategy emphasises the importance of negotiators being able to properly value non-wage conditions (in money terms) and generally speaks to developing a certain level of numerical literacy.

Let us refer back to an earlier quote: *"Our demands are the same but the outcomes are not..."*
It is understandable that unions would want a unified bargaining agenda and bargaining outcomes that are relatively uniform. However, variations in the outcomes of bargaining under the umbrella of a single union are not necessarily problematic. Some variation between sectors based on relative profitability is to be expected as is the case for the Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union (CEPPWAWU) when one considers the sawmilling and industrial chemical sectors. The union struggles to win its core demands in the sawmilling sector which is the "poor cousin" of the sectors in which the union organises, while the chemical sector is relatively affluent by comparison.

This does not mean that a union should not interrogate the distribution of wealth in sectors that are alleged to be low profit sectors. Unions should be encouraged to bring a focus to strategic sectors and to direct resources (human and otherwise) in an effort to shift conditions there.

A process that results in a strategy encompassing core demands and sector specific strategies would help balance the union's overall strategy with sectoral interests and imperatives.

NEGOTIATING INFLATION

Let us take this opportunity to restate an earlier recommendation which emerged in relation to the topic of wage bargaining and inflation - the need to explore approaches to wage bargaining that go beyond inflation. This could take the shape of a forum that invites unions who have explored alternatives, participated in alternative forms or developed and applied their own alternatives to inflation bargaining to share their experiences and attitudes towards these different bargaining models.
What follows are a few guides to assist negotiators in dealing with inflation in collective bargaining.

Looking Back

It is only now that we can properly assess a wage adjustment implemented 12 months ago. If a wage increase implemented in May 2007 was less than the rate of inflation over the last 12 months, then the real value of wages has fallen. The difference should be added to the new wage demand to address this shortfall.

Here is an example. The annualised increase in CPIX was 11.1 percent between May 2007 and May 2008. Let's say that the wage settlement in May 2007 was seven percent. If we use average inflation for 2007 as a benchmark then we are led to a figure of 6.5 percent. In this case we would say that the real wage increase was a half a percent (7 minus 6.5).

If however we use inflation between May of 2007 and May of 2008 then we find a figure of 11.1 percent. In this case the affected workers will have lost 4.1 percent of their buying power over the year (11.1 minus 7). The suggestion is therefore to introduce a 4.1 percent adjustment aimed at restoring lost buying power as a first building block of the current wage demand.

Table 10: CPIX, Jan 2006 - May 2008

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
2006	4.3%	4.5%	3.8%	3.7%	4.1%	4.8%	4.9%	5%	5.1%	+5%	5%	5%	**4.6%**
2007	5.3%	4.9%	5.5%	6.3%	6.4%	6.4%	6.5%	6.3%	6.7%	7.3%	7.9%	8.6%	**6.5%**
2008	8.8%	9.4%	10.1%	10.4%	**11.1%**								

The reader may assess the real value of any wage increase by using the inflation tables included at the end of this paper.

We are not all equal in the eyes of inflation

The increase in CPI was measured to be 11.7 percent between May 2007 and May 2008 and 11.1 percent for CPIX. These figures are released monthly by Statistics South Africa and subsequently picked up by the media, employers and trade unions. ***These figures are averages and neglect the fact that Statistics South Africa actually calculates inflation for five different expenditure groups. It is also true that average inflation is far more representative of the high expenditure groups than it is of lower expenditure groups.***

Households spending different amounts experience different rates of inflation. Here are the most recent inflation rates for the different expenditure groups. It shows how households in the lowest expenditure group tend to experience the highest rate of inflation and that this rate declines as one moves to the higher expenditure groups. Simply put, poorer households continue to experience significantly higher rates of inflation than the average.

Table 11: CPI Inflation by Expenditure Group for Historical Metropolitan Areas: May 2008

EXPENDITURE GROUP	EXPENDITURE RANGE[10]	% INCREASE IN ANNUALISED INFLATION
Average CPI	-	+11.7%
Very low	up to R1023 per month	+14%
Low	up to R1554 per month	+13.6%
Middle	up to R3087 per month	+12.9%
High	up to R6989 per month	+12%
Very high	R6990 per month and more	+11.5%

There is then the possibility of a wage bargaining strategy that utilises these different inflation measures when developing wage demands for different groups of workers in the bargaining unit depending on the level of their income.

The idea is not without its dangers though. It would amount to a staggered wage adjustment proposal and effectively segments workers. Applying the strategy uniformly in each distinct bargaining unit or sector would limit this

[10] The expenditure groups provided by Statistics South Africa date back to the year 2000. We adjust the upper limit of each group by CPIX to make them current at April 2008 prices. The results of the 2005 Income & Expenditure Survey have not been utilised in inflation publications as yet.

segmentation. An example of this would be The South African Transport and Allied Workers' Union (SATAWU) deciding to use average CPIX in transport, but the low or middle expenditure group index for the security sector where wages are generally much lower.

Looking Forward

Inflation data are backward looking while a wage increase is generally operational for the coming year and so it is critically important to have an informed opinion of what inflation might do in the near future.
Negotiators should not believe that inflation prediction is the preserve of experts. Nobody knows exactly what the inflation rate will be in twelve months.

Here are a few examples of the variability of inflation forecasts between analysts and by the same analysts over time. The first is a long term example. The article below refers to a survey of "expert" forecasts of CPIX in mid-2006 and it predicted average annualised CPIX of 4.9 percent in 2007 and 2008.

> ***"Inflation forecasts up for 2007***, *Posted Fri, 09 Jun 2006*[11]
> *While the forecast for consumer price inflation excluding mortgage rates (CPIX) remains unchanged for 2006, it is expected to increase by 0.3 percentage points in 2007, the Bureau for Economic Research said on Thursday.*
> *It added that CPIX is expected to increase by a further 0.1 percentage point in 2008. The inflation expectations however remain within the SA Reserve Bank's three percent to six percent target.*
> *According to the BER, the increase in expectation was due to "upward adjustment of trade union leaders' expectations", it said. They believe CPIX will increase by 0.9 and 0.6 percentage points respectively for 2007 and 2008.*
> *The BER's second quarter survey on inflation expectations now says that CPIX will average 4.4 percent in 2006, and will reach 4.9 percent in both 2007 and 2008."*

The second is a short term example of variability in CPIX forecasting from a single analyst. Standard Bank's CPIX forecast for 2008 shifts from 8.9 percent as at 31 March 2008 to 10 percent as at 22 May 2008. This is a significant shift (1.1 percent) if one considers it in the context of a relatively constrained value range for CPIX. Furthermore, there is only two months between the forecasts[12].

These examples are intended to illustrate the need for negotiators to develop their own informed opinions of what inflation will do in the near future bases on available indicators.

Current evidence suggests that inflation remains in an up-cycle. It would not be unreasonable to forecast a 2 percent increase in inflation by year end. Significant cost pressures remain for South Africa at present and the Reserve Bank will continue raising interest rates until these pressures

[11] Sourced at http://www.southafrica.info/doing_business/businesstoday/economy_update/513643.htm, accessed 12 June 2008.
[12] Sourced at http://ws9.standardbank.co.za/sbrp/ecoByPublication.do, accessed 12 June 2008.

ease. This means that individuals and households that have accessed credit will face higher debt servicing payments to credit institutions.

The following quote only serves to further underline a pessimistic outlook for inflation.

> *"Mboweni read out the MPC statement, which said the bank expected the CPIX inflation rate to peak at 12 percent in the third quarter of this year and to return to within the inflation target range by the third quarter of 2010. Significantly, this didn't factor in the possibility of an increase in electricity tariffs in excess of the 14.2 percent agreed to last year. Eskom has asked for a 60 percent increase in tariffs."*[13]

CONDITIONS OF EMPLOYMENT

We asked negotiators what non-wage demands members were raising for the 2008 bargaining round. While some of the demands below can be explained by the industry in which the respondents are situated, many of the demands are echoed across different industries. The demands around medical aid and family responsibility leave (FRL) are obvious examples, but we also find a less common demand for shop steward training coming from both retail and manufacturing.

Indications of What are Priorities for Members in 2008

Demands around FRL and medical aid emerge as the leading demands for 2008.

Maternity related demands (length of leave and level of remuneration) rank third along with responses to non-standard employment.

Paternity related demands share fourth position with occupational health and safety, shift allowances, training and development, responses to non-standard employment and housing subsidies.

Table 12: What NON-WAGE DEMANDS are coming from members for this 2008 bargaining round?

DEMAND	FURTHER DETAIL OF DEMAND/S[14]	PROPORTION OF RESPONSES
MEDICAL AID	Implement Extend employer contribution	17%
FRL	Extend FRL (5.7 days on average). Unbundle FRL into paternity, compassionate & sick child care.Extend FRL to in-laws. *Also see Parental below.*	16%
MATERNITY	6 months.Full pay. Separated ante- & post-natal leave from sick leave.	6%
NON-STANDARD EMPLOYMENT	Extend benefits to workers under labour brokers. Extend benefits to flexi-timers. Permanent employment after 3 months of fixed-term work. Abolish brokers.	6%
OHS	Full time health & safety stewards	4%
PATERNITY	5 days.1 month.	4%
SHIFT ALLOWANCE	12%	4%
TRAINING/DEVELOPMENT	Shop stewards	4%
HOUSING SUBSIDY	-	4%

[13] Sourced at http://www.fin24.com/articles/default/display_article.aspx?Nav=ns&ArticleID=1518-25_2339689, *Rate hike kept in check*, Greta Steyn, Jun 12 2008 5:00PM, accessed 12 June 2008.
[14] This column includes extra detail where it was stated by participants. In some instances demands were not quantified. The detail provided in this column is not necessarily representative of all responses in the category and sometimes more than one type of demand is listed for a particular category to give some idea of the variation.

Family Revisited

There is a clear indication that medical coverage and FRL have emerged as leading issues in the lead up to the 2008 bargaining round.

FRL is a highly stressed or compressed entitlement. There is wider access for workers (who qualify) than the traditional single issue entitlement (e.g. compassionate leave) but a limited pool of leave from which to draw.

Some agreements appear to recognise this and still include clauses that make additional allowances for compassionate leave as an example. The agreement for the Glass sector within the National Bargaining Council for the Chemical Industry is one such example. Sections (10) and (11) provide for (the standard) three days paid paternity/childcare along with an extra two days unpaid. There is a further provision of three days per occasion for compassionate leave.

This category of leave (FRL) is relatively new to the BCEA[15], but many collective agreements had already established a habit of granting leave on the grounds of paternity and death in the family (compassionate leave). The reach of the BCEA is of course greater than that of collective agreement so the inclusion of FRL was a gain for some, but it might have also put downward pressure on established levels of paternity and compassionate leave.

One way of relieving a little of the pressure on FRL would be to ensure that the leave entitlements are stated "per occasion" rather than "per annum", and if need be set a limit on how many days could be claimed in a single year. Quite frankly there is no reason why FRL shouldn't accumulate over a three year cycle for example, and this would probably provide enough room to accommodate a per occasion approach.

Earlier we outlined the need for negotiators to tackle issues such as maternity more holistically by suggesting that it cannot be addressed by a single demand or in a single clause. Here we wish only to stress that ***the total absence of provisions around childcare in collective agreement remains a missing link in a bargaining agenda which aims to broaden opportunities for women to work.***

Security

An earlier section sketched some of the responses we are seeing to non-standard work in collective agreement. It also noted that responses appear somewhat fragmented, but also that the issue is receiving more attention that before.

"Business as Usual? Trade Unions and the Restructuring of Work by Jan Theron in this edition of *Bargaining Indicators* seeks to map out the processes and

[15] FRL appears in the BCEA circa 1997.

phenomena that constitute the changing (and some would argue changed) nature of work. This is an important first step because it is only by properly understanding the processes which drive restructuring and the different forms that the restructuring of employment is taking that labour can develop a strategic response.

It is our aim to open a space for engagement with unions on this critical issue on the way to the next edition of *Bargaining Indicators*. Labour must develop a clear vision for resisting and accommodating the changing nature of work. I say *resisting and accommodating* because I believe that ***the bargaining agenda needs to tackle the different faces of informalisation and that it needs to situate responses at the microeconomic level within a broader vision of what is to be defended, what is to be accommodated and what is to be attacked directly.***

The table below describes the other demands that the Negotiators' Conference reference group put forward. There is a wide range of issues under consideration here and no clear pattern emerges, although leave-related demands do recur in different forms (sick leave, compassionate leave, parental, study and disabled persons).

Table 13: What further NON-WAGE DEMANDS are coming from members for this 2008 bargaining round?

DEMAND	FURTHER DETAIL OF DEMAND/S[16]	NUMBER OF MENTIONS AS A % OF ALL MENTIONS
HIV/AIDS	• Employer contribution of R40/week per employee towards programme.	3%
SICK LEAVE	15-20 days p/a	2%
COMPASSIONATE LEAVE	Per 'occasion'	2%
COMPLIANCE	• BCEA. • Increased inspections.	2%
LIVING OUT ALLOWANCE	(construction sector)	2%
BARGAINING LEVEL	• Move to centralised bargaining. • Amalgamation of regional councils.	2%
TRANSPORT	• Allowance of R800. • Transport for late trading.	2%
EMPLOYMENT EQUITY	• Affirmative action. • Implement EEA. • Reference to EEA 3(15).	2%
CHILD CARE FACILITIES	Implement	2%
OCCUPATIONAL	• Review OSD (public sector). • Company grading and training.	1%
PARENTAL	Parental rights."Family rest" *.Also see FRL above.*	2%
PROVIDENT	Increase contributions	1%
STUDY LEAVE	-	1%
UNION	Shop steward training	1%
BONUSES	Guaranteed bonuses	1%
FUNERAL	-	1%
JOB CREATION	-	1%
ORGANISATIONAL RIGHTS	-	1%
RESTRUCTURING	-	1%
SEXUAL HARASSMENT	-	1%
SPECIAL LEAVE FOR DISABLED	-	1%

[16] This column includes extra detail where it was stated by participants. In some instances demands were not quantified. The detail provided in this column is not necessarily representative of all responses in the category and sometimes more than one type of demand is listed for a particular category to give some idea of the variation.

MULTI-YEAR AGREEMENTS

It is my opinion that as a general rule long term agreements are more valuable to employers than to trade unions. Collective bargaining is central to building shared values and maintaining contact with membership. I argue that under multi-year agreements there is a potential for a structural decline in levels of contact between union and membership, levels of participation and mobilisation, shared experience of struggle and decision-making.

Having said that, here are some important considerations for those who are already in multi-year agreement or are considering it:

Unions would do well to ensure that every effort is made to ensure that the approach to collective bargaining under multi-year agreement is inclusive, encourages wider participation by rank and file and is consciously working against the dangers just described. This might mean revisiting how current structures relate to the bargaining process and whether or not they provide sufficient participation and representation.

The problem of inflation in Long term agreement

The longer the time period the more difficult it is to forecast inflation trends. There is a strong possibility that inflation rates depart from the level of predetermined wage increases over a three year period. This is one reason to be cautious of multi-year agreements.

Wage formulas such as those based on "CPIX plus an agreed percentage" provide some protection for wage incomes against subsequent increases in inflation. There are also a number of multi-year agreements which include clauses that allow for annual wage increases to be renegotiated if inflation goes beyond agreed levels during the lifespan of the agreement. This acts as a kind of safety valve should inflation deviate from expectations.

Previously National Union of Mine Workers of South Africa (NUMSA) employed a clause like this in collective agreement. However, the low inflation of the years after 2002 resulted in relatively low wage increases and motivated members to abandon the inflation formula (CPIX plus a percentage) and rather push for a straight percentage. Of course annualised inflation is currently about seven percent higher now than it was in mid 2005 and workers are unlikely to be any happier.

The Public Service Coordinating Bargaining Council (PSCBC) Resolution 1 of 2007 contains a clause (section 3.4) which involves a post hoc adjustment of an increase which was based on a forecast. Section 3.4.1 suggests that the variance be added to the following year's increase.

While this mechanism provides some protection against inflation it nevertheless raises three issues.

Firstly, the calculation of the retrospective adjustment must now take into account the effect of inflation over a 12 month period. Secondly, this carry forward could compromise labour's bargaining position going into the next round as the employer may attempt to leverage this "debt" against the increase which is the substance of the new round of bargaining. Lastly, wage earners must wait a year before receiving the money owed to them as part of the wage adjustment.

Unions should also be precise in the formulation of these kinds of clauses. What measure of inflation will be used as a benchmark for increases, will it be CPI or CPIX for example? Which reading will be used, will it be a particular month of the year or an annual measure? Will there be a backward looking adjustment in the event that actual inflation exceeds the projected level of inflation?

Unions willing to engage in long term agreement should be looking to extract concessions that are advantageous to worker and union in return. Long term agreement should be used as leverage or a bargaining chip, but quite the opposite happens in practice. The trend is for wage adjustments in multi-year agreements to diminish for each of the subsequent years of a long term agreement. So while you might see a decent increase in year one, the increase for year two is likely to be less and the increase in year three even smaller. This shows that unions are trading off the latter years of the agreement when negotiating the settlement for the first year.

It is also our opinion that a two year agreement is preferable to a three year agreement. It limits the wait to engage on issues that have become problematic but were settled in the agreement. It allows the union to focus its efforts over a longer cycle, but limits the period the union must live with the outcomes.

A related point is that unions must prepare as thoroughly as possible for negotiations that result in multi-year agreements. Losses cannot be undone quickly and the union (and its members) will have to live with the outcomes for a longer time.

As ever, we invite the reader to formulate their own opinion on this matter and provide a short summary of the relative merits of multi-year agreement as an aid in this regard.

Weighing up the Advantages and Disadvantages of Multi-Year Agreements

Advantages to Unions and Workers

- Creates certainty about wage increases and other conditions of employment over time;
- Can focus resources and efforts rather than the annual rush to negotiate. However, the need for proper preparation and strategic approach to bargaining is far greater in the context of long term agreements;
- Can direct more resources to organising and education, for example;
- Can involve extension of bargaining agenda beyond wages.

Disadvantages to Unions and Workers

- Roll over of issues from cycle to cycle (i.e. issues not implemented during term of agreement; these might not be picked up on in the next round and even if they are there is another two to three years before they will be assessed again. Issues may be complex and not fully mapped out or anticipated at time of agreement, or employers may simply be recalcitrant. Suggests the need to establish auditing bodies/procedures during longer term agreements);
- Unable to strike (legally) over new or emergent issues relating to terms of agreement during the term of the agreement;
- Losing out to inflation;
- Unable to pick up certain issues for full term of agreement even if they are critical to workers (i.e. decrease in union responsiveness to worker issues);
- Decreased worker militancy or shop floor coherence between bargaining rounds;
- Risk of getting wage adjustments wrong in relation to inflation;
- Difficulty of managing expectations if material conditions change and company unable or unwilling to implement certain terms of agreement.

Advantage to Employers

- Certainty over wage bill benefits financial planning;
- Prospects of industrial peace and stability enhanced;
- Can limit number of items on bargaining agenda;
- Longer time to implement points of agreement;
- Employers left alone or efforts not evaluated for longer time periods (in the absence of mechanisms that operate during the agreement term).

Disadvantage to Employers

- Can involve inclusion of social wage demands on agenda.

RECOMMENDATIONS

What follows is a round up the recommendations that emerge in the course of this paper. We distinguish between strategic and practical recommendations, although there is some overlap between these categories at times. These recommendations should be read in conjunction with the detail which informs them and is contained in the main body of this paper.

Practical recommendations include ideas and approaches to assist negotiators in dealing with specific issues in collective bargaining. The strategic recommendations are more like policy recommendations and ask unions to reflect on existing structures, policy and practice with the aim of optimising these elements in a way that supports ***collective bargaining broadly conceived as a means of advancing the material interests of workers, but also as a tool for building the organisational base of the union.***

The Labour Research Service and other support organisations provide resources in some of these areas as a matter of course and it is a simple matter of unions linking up with existing processes and resources. Other areas require the political will of unions to build collective bargaining strategies and resources in partnership with support organisations.

Strategic Recommendations

Knowledge of collective bargaining and of workplaces is a major asset of the union. The challenge is to develop a more conscious approach to managing this information. The Labour Research Service has dedicated a great deal of time and resources since its establishment in the mid-eighties to developing a system, the Actual Wage Rates Database (AWARD), that captures the outcomes of collective bargaining, but which also translates this information into an empirical base for strategic reflection and planning. Suffice to say that the true potential of this resource is only realised in partnership with trade unions. We invite unions to approach us to assist in building resources for collective bargaining and strategic development.

Unions should interrogate whether there is a delinking of organising from collective bargaining, as if the two processes were not in any way connected or mutually reinforcing. Unions need to assess whether servicing members is an appropriate focus for organisers and what the implications are for recruiting new members. Are organisers meant to maintain membership or grow membership?

Shop stewards emerged as the preferred target for development in the context of improving collective bargaining outcomes.

Union representatives have identified a need for more planning before negotiations as a means of improving collective bargaining outcomes.

A very limited set of outcomes, sometimes limited to wages only, can be a sign of isolated union representatives entering into bargaining with limited skills and support. **Unions should consider shining a light on decentralised bargaining again with a view to extending support and broadening the agenda or at least extracting concessions for a narrow agenda.**

Negotiators need information on inflation and sector performance, which implies that they have very little to draw on before they go into negotiations.

Negotiators want to develop their skills, especially those that will enhance their ability to negotiate. The focus is on practical, ready-to-wear resources and strategies which they can use in collective bargaining.

Planning for collective bargaining requires that negotiators are linked up with forums and resources which arm them to pursue better outcomes. Sector research which is more than skin deep requires planning and resources and must be driven by union demand.

A planning and capacity building process that resulted in a strategy encompassing ***core demands and sector specific strategies*** would help balance the unions' overall bargaining strategy with sectoral interests and imperatives.

An emphasis on planning suggests that negotiators want a guiding framework for collective bargaining and more time and attention to mandating processes and demand formulation. The implication is simply that unions ought to reflect on their approaches to collective bargaining asking questions like:

- What forums, information and resources are made available to support collective bargaining?
- What is the extent of involvement in the process - How many layers are involved?
- What is the depth of involvement - How do different layers influence the process?
- What is the perception of involvement - How effectively does the union communicate the process to the various layers while it is underway?

Organised labour must develop a clear vision for resisting and accommodating the changing nature of work. I say 'resisting and accommodating' because I believe that ***the bargaining agenda needs to tackle the different faces of informalisation and that it needs to situate responses at the microeconomic level within a broader vision of what is to be defended, what is to be accommodated and what is to be attacked directly.***

It is our opinion that as a general rule long term agreements are more valuable to employers than to trade unions. Collective bargaining is central to building shared values and maintaining contact with membership. We argue that under multi-year agreements there is a potential for a structural decline in levels of contact between union and membership, levels of participation and mobilisation, shared experience of struggle and decision-making.

Unions would do well to ensure that every effort is made to ensure that the approach to collective bargaining under multi-year agreement is inclusive, encourages wider participation by rank and file and is consciously working against the dangers just described. This might mean revisiting how current structures relate to the bargaining process and whether or not they provide sufficient participation and representation. Further ideas for protecting members in multi-year agreements are included under the practical recommendations below.

Practical Recommendations

A traditional union concern for where the wage floor is situated is still present and initiatives to ***rejuvenate a living wage campaign by consolidating and quantifying the elements of such a campaign*** are in order. This may involve an empirical study of what the money equivalent of a living wage should be, or an alternative formulation of a living wage which includes basic needs which are not easily reduced to a money amount.

We noted earlier the need to keep an eye on benefits and allowances set as money amounts and which sometimes remain static for long periods. ***The real value of allowances set as money amounts can fall dramatically over time and should be adjusted upwards routinely.***

Negotiators need to guard against employers making predetermined decisions about settlement levels under the cover of a cost-to-company approach. In essence they come to the table saying, *"We've decided on the size of the pie, but you can cut it".* Negotiators should not allow employers to short circuit negotiations in this way.

This kind of employer strategy also emphasises ***the importance of negotiators being able to properly value non-wage conditions (in money terms) and generally speaking to develop a certain level of numerical literacy.***

Union should assess the different industries or sectors in which they operate for strategic importance in terms of existing and future membership and fees as a means of bringing a focus to strategic sectors and to direct resources (human and otherwise) in an effort to shift conditions there.

With CPIX edging past 11 percent at the time of publication, very few signs that inflation will decline in the short term and federation level calls for double digit increases in the 2008 bargaining round, the scene is set for a season of hard bargaining.

On the subject of inflation we are arguing for move away from the current scenario whereby employers come to the table with a sub-inflation proposal, which gives them room to move to somewhere close to or just above inflation. ***Unions should campaign for a principled shift to using inflation rates as the level at which wage negotiations start rather than as a benchmark of where to settle.***

We are suggesting that unions consider introducing such an agreement in principle into negotiations. It could constitute a demand in itself, which is then put into practice in subsequent years.

At the very least, inflation benchmarking can be used as a tool for formulating a bottom-line wage demand or a demand which seeks to protect real incomes from falling. There are a number of ways in which negotiators can make the best use of inflation in collective bargaining. Negotiators can look back and assess the real wage gains or losses made in relation to inflation and build this into the next bargaining round. *It is also true that average inflation is far more representative of the high expenditure groups than it is of lower expenditure groups. The generally accepted inflation figures are averages and neglect the fact that Statistics South Africa actually calculates inflation for five different expenditure groups. Union tactics could include the selective use of these statistics in wage bargaining.*
Going forward, current evidence suggests that inflation remains in an

up-cycle. It would not be unreasonable to forecast a 1-2% increase in inflation by year end.

There is a need to ***explore approaches to wage bargaining that go beyond inflation***. This could take the shape of a forum that invites unions who have explored alternatives, participated in alternative forms or developed and applied their own alternatives to inflation bargaining to share their experiences and attitudes towards these different bargaining models.

Medical coverage and FRL have emerged as leading issues in the lead up to the 2008 bargaining round. One way of relieving a little of the pressure on FRL would be to ensure that the leave entitlements are stated 'per occasion' rather than 'per annum', and if need be set a limit on how many days could be claimed in a single year. Quite frankly there is no reason why FRL shouldn't accumulate over a three year cycle for example, and this would probably provide enough room to accommodate a per occasion approach.

Earlier we outlined the need for negotiators to tackle issues such as maternity more holistically by suggesting that it cannot be addressed by a single demand or in a single clause. Here we wish only to stress that ***the total absence of provisions around childcare in collective agreement remains a missing link in a bargaining agenda which aims to broaden opportunities for women to work.***

Unions need to ***divert more attention to collective agreements as documents*** ensuring that:

- the language of agreements lends itself to favourable interpretation
- they consolidate all conditions of employment
- they accurately reflect agreement in negotiations and that nothing has fallen out or crept in without invitation

Wage formulas such as those based on CPIX plus an agreed percentage provide some ***protection for wage incomes in multi-year agreements*** against subsequent increases in inflation. There are also a number of multi-year agreements which include clauses that allow for annual wage increases to be renegotiated if inflation goes beyond agreed levels during the lifespan of the agreement. This acts as a kind of safety valve should inflation deviate from expectations.

Unions should also ***be precise in the formulation of these safety clauses***. What measure of inflation will be used as a benchmark for increases? Will it be CPI or CPIX? Which reading will be used, will it be a particular month of the year or an annual measure? Will there be a backward looking adjustment in the event that actual inflation exceeds the projected level of inflation?

Unions willing to engage in long term agreement should be looking to extract concessions that are advantageous to worker and union in return. ***Long term agreement should be used as leverage or a bargaining chip, but quite the opposite happens in practice.*** The trend is for wage adjustments in multi-year agreements to diminish for each of the subsequent years of a long term agreement. So while you might see a decent increase in year one, the increase for year two is likely to be less and the increase in year three even smaller. This shows that unions are trading off the latter years of the agreement when negotiating the settlement for the first year.

It is also our opinion that ***a two year agreement is preferable to a three year agreement***. It limits the wait to engage on issues that have become problematic but were settled in the agreement. It allows the union to focus its efforts over a longer cycle, but limits the period the union must live with the outcomes.

A related point is that ***unions must prepare as thoroughly as possible for negotiations that result in multi-year agreements. Losses cannot be undone quickly and the union and its members will have to live with the outcomes for a longer time.***

APPENDIX 1: A History of Selected Inflation Indices

Here is a short description of four inflation indices and a history of their movements since January 2000. You will find tables for CPI, CPIX, Food and Transport. We plan to add a history of "administered costs" and "core inflation" soon.

The Consumer Price Index (CPI)

Consumer Price Index (CPI) and the annual inflation rate on a monthly basis for the historical metropolitan areas

Year	Jan	Feb	May	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
2000	2,6%	2.3%	3.4%	4.5%	5.1%	5.2%	6.0%	6.9%	6.9%	7.0%	7.0%	7.0%	**5,2%**
2001	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	5.0%	5.9%	6.2%	7.4%	7.8%	8%	9.6%	10.4%	11.2%	13.0%	12.9%	12.4%	**9.2%**
2003	11.6%	0.3%	10.2%	8.8%	7.8%	6.7%	5.2%	5.1%	3.7%	1.5%	0.4%	0.3%	**5.8%**
2004	0.2%	0.7%	0.4%	0.2%	0.6%	1.2%	1.6%	1%	1.3%	2.4%	3.7%	3.4%	**1.4%**
2005	3%	2.6%	3%	3.4%	3.3%	2.8%	3.4%	3.9%	4.4%	4%	3.4%	3.6%	**3.4%**
2006	4%	3.9%	3.4%	3.3%	3.9%	4.9%	5%	5.4%	5.3%	5.4%	5.4%	5.8%	**4.7%**
2007	6%	5.7%	6.1%	7%	6.9%	7%	7%	6.7%	7.2%	7.9%	8.4%	9%	**7.1%**
2008	9.3%	9.8%	10.6%	11.1%	**11.7%**								

The Consumer Price Index excluding Interest Rates on Mortgage Bonds (CPIX)

The Consumer Price Index excluding interest rates (CPIX) is used as a gauge of monetary policy by the Reserve Bank. The Reserve Bank uses CPIX as one means of evaluating the impact of inflation targeting policy. Since CPI is influenced by interest rate hikes it cannot be used a measure of the effect of interest rate hikes.

Consumer Price Index excluding interest rates on mortgage bonds and the annual inflation rate on a monthly basis for the historical metropolitan and other urban areas.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
2001	7.7%	7.7%	7.5%	6.7%	6.5%	6.4%	6.4%	6.0%	5.8%	5.9%	6.3%	6.5%	**6.6%**
2002	7.1%	7.4%	7.7%	8.3%	8.6%	9.2%	9.1%	9.9%	10.8%	11.3%	11.3%	10.8%	**9.3%**
2003	10%	9.3%	9.3%	8.5%	7.7%	6.4%	6.6%	6.3%	5.4%	4.4%	4.1%	4.0%	**6.8%**
2004	4.2%	4.8%	4.4%	4.4%	4.4%	5.0%	4.2%	3.7%	3.7%	4.2%	4.6%	4.3%	**4.3%**
2005	3.6%	3.1%	3.6%	3.8%	3.9%	3.5%	4.2%	4.8%	4.7%	4.4%	3.7%	4.0%	**3.9%**
2006	4.3%	4.5%	3.8%	3.7%	4.1%	4.8%	4.9%	5%	5.1%	+5%	5%	5%	**4.6%**
2007	5.3%	4.9%	5.5%	6.3%	6.4%	6.4%	6.5%	6.3%	6.7%	7.3%	7.9%	8.6%	**6.5%**
2008	8.8%	9.4%	10.1%	10.4%	**11.1%**								

The Food Price index

The Food Price Index provides an indication of the increase in the price level of food products only.

Annual food inflation rate on a monthly basis for the historically metropolitan areas

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
2001	5.0%	5.3%	4.6%	4.0%	3.9%	3.2%	3.7%	4.0%	4.6%	6.3%	8.5%	11.4%	**5.4%**
2002	12.3%	12.7%	13.0%	14.2%	14.0%	15.9%	16.8%	18.1%	19.1%	19.8%	18.4%	16.1%	**15.7%**
2003	15.5%	14.2%	12.4%	11.1%	11.0%	8.6%	7.3%	6.2%	4.2%	2.8%	3.2%	2.6%	**8.1%**
2004	2.7%	3.3%	3.1%	2.7%	2.3%	2.7%	2.0%	1.6%	1.6%	1.9%	1.9%	1.5%	**2.3 %**
2005	1.3%	1.4%	1.5%	1.6%	1.4%	1.3%	2.8%	2.6%	3.4%	2.6%	2.4%	4.3%	**2.2%**
2006	4.4%	4.7%	5.5%	6.2%	6.9%	7.7%	7.5%	8%	8.5%	9.9%	9.1%	8.1%	**7.2%**
2007	8.6%	8%	7.7%	8.4%	8.7%	9.5%	10.2%	11.1%	11.9%	12.4%	13.3%	13.5%	**10%**
2008	13.4%	14.4%	15.3%	15.7%	**17%**								

The Transport Price index

The transport price index provides an indication of the increase in the price level of transport items in the basket of goods and services that make up the inflation index.

Annual transport price inflation on a monthly basis for the historical metropolitan areas

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
2003	7.1%	6.7%	8.1%	6.0%	0.7%	0.6%	1.5%	3.8%	2.2%	0.8%	1.6%	0.7%	**3.3%**
2004	0.3%	2.1%	0.0%	1.1%	4.2%	9.1%	6.3%	3.2%	4.4%	7.0%	8.4%	6.8%	**4.8%**
2005	3.8%	1.2%	3.5%	4.7%	6%	2.5%	5.6%	5.9%	9.0%	6.1%	5.9%	3.6%	**4.8%**
2006	5.6%	6.3%	5.6%	4.2%	5.7%	8.8%	8.4%	6.3%	3.7%	4.5%	1.6%	3.3%	**5.3%**
2007	4.5%	2.1%	4.3%	7.4%	7.1%	6.3%	4.2%	1.4%	3.1%	6.6%	8.1%	11.4%	**5.5%**
2008	10.7%	13.2%	16.1%	15.6%	**16.7%**								

Appendix 2: Profile of 2008 Negotiators Conference

INDUSTRIES REPRESENTED AT THE 2008 NEGOTIATORS CONFERENCE	TRADE UNIONS & LSO* REPRESENTED AT THE 2008 NEGOTIATORS CONFERENCE
Chemical	CWU
Cleaning	DITSELA*
Construction	FAWU
Education	GIWUSA
Electrical	MEWUSA
Engineering	NUM
Fibre and Particle Board	NUMSA
Food and Beverage	SACCAWU
Furniture	SADNU
Glass	SATAWU
ICT	UASA
Leather	CEPPWAWU
Local Government	IMATU
Pulp and Paper	NULAW
Maritime	LARRI*
Metal	SAMWU
Mining, Energy and Construction	PSA
Motor	
Municipality	
Nursing	
Petroleum	
Plastic	
Printing	
Heath Sector	
Wholesale & Retail	
Security	
Transport Infrastructure and Rail	
Wood	

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FROM POLICY TO PROGRAMME

an empirical assessment of responses to HIV/AIDS in the workplace

Nina Benjamin, Labour Research Service

WHY WAS THIS RESEARCH DONE?

In 2007 the Labour Research Service (LRS) conducted a research project entitled: "Practical Strategies for Mainstreaming HIV/AIDS in Collective Bargaining". The goal of this project was to promote collective bargaining as a focal point for the drafting and implementation of substantive responses to HIV/AIDS in the workplace. Rooting HIV/AIDS policies and programmes within collective agreements can make these policies and programmes more inclusive, more formal and subject to time framing, monitoring and sanction in the event of non-delivery. Trade union representatives are also encouraged to develop a better understanding of the disease; to focus existing policies and resolutions on this arena; to participate in the drafting of responses to HIV/AIDS in the workplace; and to participate in the monitoring and implementation of programmes against agreed outputs.

HOW WAS THE RESEARCH CONDUCTED?

Literature Review

The review focussed on an analysis of existing HIV/AIDS legislation related to the workplace; corporate responses to HIV/AIDS; the constraints faced by small business in responding to HIV/AIDS; the sectoral variations in response to the epidemic; the gendered nature of responses to the epidemic; and what is considered as best practice in dealing with the epidemic.

Baseline Study

A baseline study of 47 bargaining councils, 421 enterprise level agreements and seven sectoral determinations was conducted.

Workshops

Trade union representatives from six private sector and four public sector unions participated in three workshops. Each workshop had an average of 31 participants, 51 percent female and 49 percent male. In the workshops participants identified the key challenges facing unions when mainstreaming HIV/AIDS in collective bargaining, shared experiences of best practice and developed recommendations for enhancing practical strategies for mainstreaming HIV/AIDS in collective bargaining.

Four workshops with an average of 22 women shop stewards from the General Industrial Workers Union of South Africa (GIWUSA) were conducted between October 2007 and March 2008. This group acted as a reference group where particularly women workers' experience of HIV/AIDS workplace programmes was explored.

Interviews

In-depth interviews were conducted with trade union representatives from SACCAWU, NUM, SACTWU, SAMWU, FEDUSA and GIWUSA.[1] The interviews focused on an analysis of the strengths and weaknesses of workplace and trade union policies and programmes.

Telephonic interviews were conducted with 11 of the LRS member unions to establish the status of HIV/AIDS workplace interventions.

An in-depth interview was also conducted with a representative from the AIDS Law Project.

Questionnaires

As part of a more general study on gender standards in the workplace, 100 women workers filled in a questionnaire on the status of prevention and treatment programmes in their workplaces.

At the LRS 2008 Negotiators Conference 22 trade union representatives from NUM, MEWUSA[2], SACCAWU, CEPPAWU[3] and CWU[4] responded to a questionnaire. The questionnaire focussed on taking stock of HIV/AIDS demands that form part of their 2008 Collective Bargaining Strategy.

HOW DOES THE LAW PROTECT US?

Using the law to protect workers affected and infected by HIV/AIDS is not easy. There is no single legislation governing HIV/AIDS in the workplace. A NEDLAC Code of Good Practice exists, but even this code has to be read in conjunction with other pieces of legislation including the Constitution.

The legislation that exists applies to everybody within a company but employers and workers have different imperatives. For employers the law is used and evaluated in relation to how it affects profits. If the law impedes profit making then some employers will find ways to circumvent the law while others will ignore it. Workers on the other hand have the imperative to protect and improve their lives, but in a context where workers are often silent about HIV/AIDS, and where using the law depends on knowledge, resources and organisational strength, the law is seldom used to protect workers who are dealing with the HIV/AIDS epidemic.

[1] SACCAWU - South African Commercial and Catering Workers Union; NUM – National Union of Mineworkers; SACTWU – South African Clothing and Textile Workers Union, SAMWU – South African
[2] MEWUSA – Metal and Engineering Workers Union of South Africa
[3] CEPPAWU – Chemical, Paper and Pulp Workers Union
[4] CWU – Communication Workers Union

Even with the above-mentioned limitations it is important to understand some of the key features of the law that can protect workers when dealing with HIV/AIDS at the workplace.

Constitution of South Africa Act (No. 108 of 1996)

The constitution protects workers against unfair discrimination.
Chapter 2. Bill of Rights. Section 23. Labour relations. Everyone has the right to fair labour practices.

Labour Relations Act (No. 66 of 1995)

The Labour Relations Act protects employees against unfair dismissal. If an employee is dismissed on the grounds of HIV/AIDS, this dismissal is based on discrimination and is automatically unfair. Dismissal is only fair if it is based on wrongful conduct or if an employee can no longer work, but then proper dismissal procedures must be followed.

- 187. Automatically unfair dismissals

  (1) A dismissal is automatically unfair if the employer, in dismissing the employee, acts contrary to section 549 or, if the reason for the dismissal is - (f) that the employer unfairly discriminated against an employee, directly or indirectly, on any arbitrary ground, including, but not limited to race, gender, sex, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, political opinion, culture, language, marital status or family responsibility.

Employment Equity Act (No. 55 of 1998)

The Employment Equity Act provides that no person may unfairly discriminate against an employee, or an applicant for employment, in any employment policy or practice, on the basis of his or her HIV status. The Act thus prohibits medical testing to determine the HIV status of an employee, except in cases of Labour Court authorisation.

- Section 6. Prohibition of unfair discrimination.- (1) No person may unfairly discriminate, directly or indirectly, against an employee, in any employment policy or practice, on one or more grounds, including race, gender, sex, pregnancy, marital status, family responsibility, ethnic or social origin, colour, sexual orientation, age, disability, religion, HIV status, conscience, belief, political opinion, culture, language and birth.

  (2) It is not unfair discrimination to: Take affirmative action measures consistent with the purpose of this Act; or distinguish, exclude or prefer any person on the basis of an inherent requirement of a job.

  Harassment of an employee is a form of unfair discrimination and is prohibited on any one, or a combination of grounds of unfair discrimination listed in subsection (1).
- Section 7. Medical testing.- (1) Medical testing of an employee is prohibited, unless: Legislation permits or requires the testing; or it is justifiable in the light of medical facts, employment conditions, social policy, the fair distribution of employee benefits or the inherent requirements of a job.

(2) Testing of an employee to determine that employee's HIV status is prohibited unless such testing is determined justifiable by the Labour Court in terms of section 50 (4) of this Act.

Occupational Health and Safety Act (No. 85 of 1993)

The Occupational Health and Safety Act require an employer to provide, as far as it is reasonably practicable, a safe workplace. This includes ensuring that the risk of occupational exposure to HIV is minimised.

- 8. General duties of employers to their employees: Every employer shall provide and maintain, as far as is reasonably practicable, a working environment that is safe and without risk to the health of his employees.

Compensation for Occupational Injuries and Diseases Act (No. 130 of 1993)

An employee who is infected with HIV as a result of an occupational exposure to infected blood or bodily fluids may apply for benefits in terms of Section 22(1) of the Compensation for Occupational Injuries and Diseases Act.

- 22. Right of employee to compensation. - (1) If an employee meets with an accident resulting in his disablement or death such employee or the dependants of such employee shall, subject to the provisions of this Act, be entitled to the benefits provided for and prescribed in this Act.

Basic Conditions of Employment Act (No. 75 of 1997)

In accordance with the Basic Conditions of Employment Act every employer is obliged to ensure that all employees receive certain basic standards of employment, including a minimum number of days of sick and family leave. Employees are allowed to take a total of six weeks paid sick leave every 3 years. Sick employees can ask employers to have more sick leave for less pay.

- Sick leave. 22 (2) During every sick leave cycle, an employee is entitled to an amount of paid sick leave equal to the number of days the employee would normally work during a period of six weeks.
- Family responsibility leave. 27 (2) An employer must grant an employee, during each annual leave cycle, at the request of the employee, three days paid leave, which the employee is entitled to take— (a) when the employee's child is born; (b) when the employee's child is sick; or (c) in the event of the death of— (i) the employee's spouse or life partner; or (ii) the employee's parent, adoptive parent, grandparent, child, adopted child, grandchild or sibling.

Medical Schemes Act (No. 131 of 1998)

According to the Medical Schemes Act, a registered medical aid scheme may not unfairly discriminate directly or indirectly against its members on the basis of their "state of health". All schemes must additionally offer a minimum level of benefits to their members, including treatment of HIV.

- 24 (2) No medical scheme shall be registered under this section unless the Council is satisfied that— (e) the medical scheme does not or will not unfairly discriminate directly or indirectly against any person on one or more arbitrary grounds including race, gender, marital status, ethnic or social origin, sexual orientation, pregnancy, disability and state of health.

- 67 Regulations. (1) The Minister may, after consultation with the Council, make regulations relating to — (g) the prescribed scope and level of minimum benefits to which members and their registered dependants shall be entitled to under the rules of a medical scheme.

Promotion of Equality and Prevention of Unfair Discrimination Act (No. 4 of 2000)

The Promotion of Equality and Prevention of Unfair Discrimination Act protects against discrimination. An employee with HIV/AIDS must be treated in the exact same way as all the other employees in all matters.

- Prohibition of unfair discrimination on ground of disability. (9) Subject to section 6, no person may unfairly discriminate against any person on the ground of disability, including—

  (a) denying or removing from any person who has a disability, any supporting or enabling facility necessary for their functioning in society;

  (b) contravening the code of practice or regulations of the South African Bureau of Standards that govern environmental accessibility;

  (c) failing to eliminate obstacles that unfairly limit or restrict persons with disabilities from enjoying equal opportunities or failing to take steps to reasonably accommodate the needs of such persons.

Directive principle on HIV/AIDS, nationality, socio-economic status and family responsibility and status. 34 (1) In view of the overwhelming evidence of the importance, impact on society and link to systemic disadvantage and discrimination on the grounds of HIV/AIDS status, socio-economic status, nationality, family responsibility and family status —

(a) special consideration must be given to the inclusion of these grounds in paragraph (a) of the definition of "prohibited grounds" by the Minister;
(b) the Equality Review Committee must, within one year, investigate and make the necessary recommendations to the Minister.

Code of Good Practice: Key Aspects of HIV/AIDS and employment, 2000

Its primary objective is to set out guidelines for employers and trade unions to implement. These include:

- Creating a non-discriminatory work environment
- Dealing with HIV testing, confidentiality and disclosure
- Providing equitable employee benefits
- Dealing with dismissals, and
- Managing grievance procedures.

Its secondary objective is to provide guidelines for employers, employees and trade unions on how to manage HIV /AIDS within the workplace:

- Creating a safe working environment for all employers and employees
- Developing procedures to manage occupational incidents and claims for compensation
- Introducing measures to prevent the spread of HIV
- Developing strategies to assess and reduce the impact of the epidemic upon the workplace
- Supporting those individuals who are infected or affected by HIV/ AIDS so that they may continue to work productively for as long as possible.

HOW IS THE CORPORATE SECTOR RESPONDING TO HIV/AIDS?

The response of corporate South Africa to HIV/AIDS has been and continues to be very limited, varied and fragmented despite the fact that the disease is primarily infecting people of working age, leading to an increase in illness, absenteeism and death amongst the workforce.

There are a number of different workplace models with the four[5] most dominant being the following:

- The employer provides the full programme
- Employers and employees both make payments to a medical scheme
- Companies contract in a specialist HIV/AIDS organisation to manage the company treatment and care programme
- An external clinic is contracted to provide services at the workplace.

Different survey studies vary slightly in their estimates as to the number of workplaces that have implemented policies and programmes, but the general consensus is that while several large companies have actively responded to the epidemic in a variety of ways, the vast majority of smaller companies have yet to put into practice even the most basic awareness campaign. Workshop discussions[6] with shop-stewards from small companies[7] indicate a high level of intolerance on the part of management.

"The bosses are very arrogant. They see infected workers as unproductive who need to be taken out of the system."

"In the workplace there is still a real fear of discrimination and the attitude is if you are sick stay at home."

"The attitude of the bosses towards HIV/AIDS is to force workers to be treated and they want to know how many workers are affected so that they can budget."

"They do not give support especially during sick leave and they further gossip or expose the employee."

"Workers are dismissed for incapacity as the law allows dismissal based on incapacity."

[5] Business and AIDS : sectoral challenges and opportunities in *AIDS 2007 21 (supplement 3)*
[6] Workshops with trade union representatives and GIWUSA reference group
[7] Companies with less than 50 employees

The 2005 SABCOHA survey (South African Business Council on HIV /AIDS survey), "The impact of HIV/AIDS on selected business sectors in South Africa", conducted among 1032 companies, shows that workplace responses to HIV/AIDS are strongly related to company size. The results suggest that around 90 percent of larger companies have implemented a HIV/AIDS policy, while less than 20 percent of smaller companies have policies in place.

There are a number of factors that influence larger companies to respond to HIV/AIDS. In some cases it can be linked to keeping a positive public image, maintaining investor confidence or responding to social pressures. [8] As harsh as it might sound, for the company there is also the skills levels of the workforce and the relative costs in production if workers become ill or die. In some cases the threat of profits declining and an increase in outflow of company benefits has seen company's invest in workplace HIV/AIDS programmes. For some of the larger companies, like Anglo American, a cost benefit analysis showed that the costs of investing in workplace HIV/AIDS programmes would be less than the costs of increasing loss of production due to absenteeism and illness. Anglo American has been at the forefront of encouraging workers to find out their HIV status and providing antiretroviral (ARV) treatment to all employers who test positive, as well as offering enrolment in wellness programmes to ensure ongoing monitoring and support.[9]

The mining industry has been one of the leading corporate sectors when responding to HIV/AIDS. Anglo American launched its antiretroviral therapy (ART) programme in August 2002 followed by De Beers and then AngloGold in 2003. According to the AngloGold *2006 Report to Society,* provision of ART has had positive cost benefits for the company, including a decline in deaths in service, hospital admissions, medical absenteeism and thus a decrease in the number of shifts lost.

The SABCOHA survey indicates a great deal of unevenness amongst different corporate sectors in their response to HIV/AIDS. While 60 percent of mining companies have implemented HIV/AIDS policies, and 50 percent in the manufacturing and transport sectors, in the retail, wholesale, building and construction sectors, less than a third of companies have HIV/AIDS policies in place. While our study did not explore the reasons for the variations in responses from different corporate sectors, it is a well known fact that the retail, wholesale, building and construction sectors are characterised by low skilled and outsourced forms of employment. Employees are generally not seen as critical for operations and are easily replaced. Another argument could be that with the relative mobility of the labour force, HIV/AIDS is not as visible as when employees are permanently part of a company.

It is important to note that the large companies leading the response to HIV/AIDS have in some cases extended their ART to wellness programmes focussing on general health-related issues like high blood pressure and diabetes. This, it is argued, helps to reduce the stigma attached to HIV/AIDS. There have also been shifts to include spouses into the programmes, and in some companies through corporate social responsibility programmes, extend HIV/AIDS services to community based initiatives.

[8] CPH – HIV/AIDS in the workplace symposium 2004, pg70
[9] AIDS Foundation South Africa – www.aids.org.za

This does not mean that companies are carrying all the costs related to HIV/AIDS. A key strategy has been to shift the cost burden of HIV/AIDS onto the employee by restructuring employee benefits. One example of this is to shift pension benefits from a defined benefit pension fund to a defined contribution fund. This means that the employee's spouse only receives what has been contributed by employee and employer and not a fixed lifetime annuity. A Sanlam survey of 800 South African pension funds in 2000 found that 71 percent were classified as defined contribution funds, compared to just 26 percent in 1992.[10]

In the past few years the gap between the "high profile" HIV/AIDS programmes of some large companies and the relative obscurity of any HIV/AIDS programmes for employees in small companies as well as for the more vulnerable casual or outsourced employees is growing. This is posing important challenges for the unions and for a collective bargaining strategy that takes into account the needs of all workers including the most vulnerable sectors.

HOW IS THE PUBLIC SECTOR RESPONDING TO HIV/AIDS?

The public sector is the biggest employer in South Africa, employing over one million people. Like in the private sector, HIV/AIDS has had a major impact on public sector employees. Seventy percent of government departments have HIV/AIDS programmes in place but the implementation of these programmes is weak.

In 2005 the government introduced the Government Employee Medical Scheme (GEMS). 40 percent of public sector employees now covered by GEMS previously had no medical cover. Employees who are HIV positive register on the HIV Management Programme even before ART is necessary. ART forms part of the HIV Management Programme.

The Public Service Co-ordinating Bargaining Council (PSCBC) Resolution No 8 of 2001 commits itself to mobilise its social partners to actively engage in prevention programmes, counselling and giving support to infected and affected members and their families, and where possible to support the provision of means to speed up delivery. As from January 1 2006 medical assistance includes a comprehensive treatment and prevention programme with enrolment into GEMS.

CHALLENGES FACING THE UNIONS

In South Africa where HIV/AIDS has reached pandemic proportions we see very little evidence of practical measures to provide treatment in the workplace. It was surprising to note that only 1.6 percent of bargaining councils and 1 percent of enterprise level agreements show practical measures to provide treatment for HIV/AIDS. Our research revealed that where practical measures did exist, these in the vast majority of cases formed part of company policies, and did not emerge as a result of negotiated collective bargaining agreements. These policies also seldom translate into concrete

[10] George & Whiteside, 2003, p232

programmes. HIV/AIDS policies have become, in the words of a woman shop steward: *"Good ideas on paper, but they remain in the drawer of the human resource manager as supposed proof that the company is doing something"*. What is clear though is that where HIV/AIDS programmes are in place, it is the company management who lead these programmes and not the union. And where no HIV/AIDS programmes exist, unions have been slow in placing the issue on the collective bargaining agenda. Even in the public sector, where 60 percent of public sector workers in South Africa belong to trade unions, the unions have played very little role in developing HIV/AIDS programmes or impacting on the programmes that do exist. No reference to HIV /AIDS was found in any of the sectoral determinations examined.

In our research many explanations have been given for the slow response on the part of the unions. A number of quotes from workers and union officials provide important insights into understanding this response.

Challenges inside the unions:

- Nobody wants to speak about HIV; even amongst officials there is a silence
- The stigma is very strong, in both the company and the union
- Very few union leaders are prepared to reveal their HIV status
- Unions do not address the needs of their own members. Before one can push for a policy in the company, one needs to make sure the union has a policy in place
- HIV is like gender, it just gets forgotten about
- HIV is marginalised and becomes the job of the gender co-ordinator
- Very little resources are available for taking up HIV/AIDS
- It is not clear how peer educators fit in with the work of the union.

A general sentiment amongst participants in the workshops was that the union culture does not always promote talking about HIV/AIDS or encourage union members to disclose their HIV status. Stigma and discrimination continue to be key reasons for the general lack of engagement with HIV/AIDS. HIV/AIDS as a sexually transmitted disease is often still seen as private, taboo, shameful and associated with a "culture of rejection". From interviews with union officials it would seem that even where unions are negotiating HIV/AIDS-related issues in companies, there is ironically very little in place to protect union employees.

"Many of our organisers are sick and some have died, but nobody speaks openly about AIDS. We should be protecting our staff, but there is a silence and everyone is scared to discuss AIDS. How can we develop policies if we refuse to talk? There is a real denial and comrades try to find other explanations when someone gets sick."[11]

A theme emerging through all our research activities is how gender and HIV/AIDS are marginalised issues in the union. The majority of HIV/AIDS co-ordinators in the union are women and many fulfil the dual function of dealing with gender and HIV/AIDS. Much has been written about the gendered nature of HIV/AIDS. Gender inequality leaves women with less control than men over their bodies and their lives. They often have less access to information about

[11] Interview with SAMWU union official (15 May 2008)

how to prevent HIV, and fewer resources to take preventative measures. They face barriers to the negotiation of safe sex due to patriarchal relations and control through violence and economic dependency. Regardless of whether they themselves are HIV positive or sick with AIDS, it is women who assume the burden of home-based care for others who are sick or dying. In the union the gendered nature of HIV/AIDS takes on a specific form. Gender and HIV/AIDS have become synonymous with the same people in the union responsible for both, with a similar sense of marginalisation from the real "bread and butter" issue of wages, with little profile in collective bargaining processes or agreements and with a sense that these are issues for the "private space" and not part of the public life of the union.

In the unions accessing resources remains a huge challenge. Very little funds are available for unions as companies have marketed themselves as being in the forefront of dealing with the epidemic in the workplace. As a result much of the existing funds have been channelled into company programmes. With the unions' lack of clear intervention strategies to address the stigma and discrimination, and with a culture of silence still very prevalent in the unions, raising resources to deal with HIV/AIDS will continue to remain a challenge.

Many company-based programmes include peer educators. Traditionally, health education information is provided by experts. Peer education in the workplace context is an attempt by workers to empower fellow workers. For peer education to be effective in a context of high levels of stigma and discrimination, communication, trust and a sense of egalitarianism, community and solidarity is necessary. For this sense of community to develop it is important for peer education programmes to work through the formations and structures that workers see as legitimate. Many of the peer education programmes we encountered through this research are programmes initiated by company human resource management and not by the unions. In some cases the unions have been involved but usually in the implementation stage and not during the conceptualisation or planning stages. How the unions relate to the idea of peer education as part of a HIV/AIDS strategy is important, but at the moment there is a lack of synergy between peer educators and the union. Peer educators are generally not part of union structures. Many peer educators are part of company programmes and at times there is a tension between what they see as their "professional role" and their role as social actors for transformation. [12]The peer educators are not necessarily shop stewards and some union members feel that this is necessary: *"Not everybody is comfortable spreading messages on HIV/AIDS so we cannot insist that all shop stewards do this."* [13] But in the view of a participant at the 2008 LRS Negotiators Conference the opposite is true:

"Usually the first contact for a person who is positive is through the shop steward so therefore the shop steward needs to have training and counselling skills."

The question still remains, what kind of legitimacy can these peer education programmes have, if the programmes are led by management? The

[12] D. Dickinson – Talking about Peer Educators (May 2007)
[13] SACTWU presentation at 2nd Wits HIV/AIDS in the Workplace Research Symposium

challenge for the union is creating peer learning experiences that deal with HIV/AIDS while building the collective strength of the unions.

Challenges when defending workers:

"When you defend a worker for being absent you know it is about HIV but the worker will not reveal this and in the end you cannot stop the worker from getting dismissed."

A key challenge is getting workers to disclose their status. The law provides for work to be changed if the work affects the health of the worker but this can only apply if there is openness about the status of the health of the worker. For many workers revealing their status is to put into jeopardy their employment. Even if the law does not allow for discrimination on the basis of HIV/AIDS, workers argue that they are dismissed on the grounds of incapacity. For the union, using the law to defend workers against discrimination is very difficult if there is no openness as regards the HIV status of the worker. At the same time workers feel that because this discrimination exists even in the union there is no guarantee that the union will protect them.

Workers in the research reference group indicated that they felt very little sense of agency as regards HIV/AIDS. 95 percent of the participants indicated that they knew where they could get tested but only 30 percent have been tested. Calling on companies to provide voluntary counselling and testing was therefore not a demand they felt very strongly about. They also questioned whether they would have the power to refuse to be tested if the company did initiate such a programme. From the sentiment of the reference group it is clear that union-initiated collective bargaining demands have to be formulated through a process that includes education and awareness-raising.

Participants in the reference group and workshops indicated that while some companies had in the past taken up the challenge of making male condoms available in rest rooms, over the past year this seemed to have become less of priority.

"It was a fashion to put condoms in the toilets, but now management seems to have lost interest." [14]

For unions the challenge is to keep alive the struggle of addressing HIV/AIDS in the workplace. This in a context where some would argue there has been a saturation of the message and people are no longer listening, where company management's are trying to maximise profits through outsourcing and casualisation and where employers see unions as relatively ineffective in protecting workers against HIV/AIDS discrimination.

In a context where workers feel little protection against discrimination, individual solutions are being sought.

[14] Reference Group participant

"In our company, we have an informal agreement that if an employee dies of HIV/AIDS the company must replace him or her with a relative. In this way the family can have some financial security." [15]

"One way we are thinking about dealing with workers being absent because they are sick is to put all our sick leave together in a bank of leave that workers can access when they get sick. In this way if you are not sick you can contribute your sick leave to someone who is sick." [16]

Hearing these proposals one senses the absolute desperation on the part of workers. For the union these proposals can reverse many of the gains that have been made in protecting the rights of workers. To seek financial security through replacing a deceased worker with a relative is to return to an aspect of feudal relations where the lives of entire families are tied to the landlord, and in this case the employer. Instead of struggling for an extension of sick leave, workers sensing a weakness in their collective strength have opted to put at risk their own wellbeing by "donating" their sick leave. Sick leave is a non-negotiable right and cannot be given away. A union official provided some possible insight into this idea of a "bank of leave".

"Workers are using the idea of sharing the paid time off for shop stewards. As the union we negotiate time off for shop stewards, but not all the shop stewards are equally active. We then pool the time off and we use it for the more active shop stewards." [17]

It is clear that in the absence of the union taking the lead in developing proposals to address HIV/AIDS in the workplace, workers will continue to find individual solutions, solutions that might seem viable in the short term but can undo many of the gains unions have won.

Challenges in responding to company-initiated HIV/AIDS programmes:

- Bosses have an attitude that they own the policies
- In some companies there is a policy but no agreement on a programme
- Some companies give the appearance of caring, such as giving time off for peer educators, but there is no treatment programme
- Unions are are not involved in the planning, monitoring or evaluation of company HIV/AIDS programmes
- HIV/AIDS service providers work with the company and union members are not proactive in discussing issues with management before the service providers are brought in. Also, it would seem that this is another profit-making exercise for providers
- When voluntary counselling and testing (VCT) was first introduced, very few workers came to be tested. Then incentives, such as thermo cups, were introduced and there were queues to the clinics. The incentives did make people get tested, but workers came for the wrong reasons. This does not translate into behaviour change. If a person who comes for a

[15] View of participant in CEPPAWU workshop (September 5 2007)
[16] View of HOSPERSA participant in workshop (August 14 2007)
[17] Interview with SACCAWU official (May 31 2008)

thermo cup gets a positive test result, there is a great chance that person will not come back for proper treatment.

Unions need to engage with company policies and programmes. From the views emerging in the research it would seem that there are a number of contradictory aspects to many of the company policies and programmes. Where policies exist there is a view that the policies deal with redress and are not focused on being proactive in creating an environment for preventing discrimination. In other instances policies exist on paper and HIV/AIDS committees exist as window dressing. Even with policies and committees in place workers are not given time off for basic HIV/AIDS education and training. Companies organise events on AIDS day on December 1 and then believe that they have implemented a HIV/AIDS strategy.

Wellness programmes is a strategy used by some companies but in some cases the programmes do not allow for the provision of ART. A few of the bigger companies have clinics on site. There are different opinions on the effectiveness of this. Some see the clinics as providing a sense of security if employees get sick in the workplace. On the other hand there is a view that company clinics and doctors often collude with management in putting workers' jobs, health and lives at risk.

In our workshop in August a heated discussion about HIV-testing incentives took place. In some companies, particularly in the mining sector, incentives ranging from money to T-shirts have been introduced. NUM does not support the incentive structure and believes that the danger with incentives is that often people get tested for the incentive and they are not prepared for the results. Some comrades also argued that companies are not innocently introducing the incentives due to concern for the wellbeing of the workers, but rather because testing helps to develop a prognosis about the health and life span of the workforce and in this way they can retrench workers before they get sick.

UNIONS TAKE UP THE CHALLENGE

From a sample of 19 unions and two federations, all have varying degrees of responses to HIV/AIDS in place. Most public sector unions, apart from the Democratic Nursing Organisation of South Africa (DENOSA), Health and Other Service Personnel Trade Union of South Africa (HOSPERSA) and SAMWU, have signed agreements with public sector bargaining councils.

NUM is the union with the most workplace agreements on HIV/AIDS and has made important strides in the mines. The AngloGold and labour policy agreement signed with NUM in 2002, for example, has materialised into a full scale HIV/AIDS programme. What started as a wellness programme in 1999 was expanded in 2003 to include the provision of ART. By 2005 five percent of the AngloGold workforce was on ART[18].

On the mines NUM has extended its demands beyond the provision of ARVs to access to decent housing, proper compensation, access to benefits and

[18] AngloGold *Report to Society 2003-2006* (www.anglogold.com)

a call for professional health ethics[19]. Decent housing is linked to the demand for family accommodation that will ensure mineworkers who are HIV positive have a healthy and more supportive environment. NUM sees discrimination as still rife on the mines. Workers who are HIV positive and get work related illnesses are sometimes not compensated properly as the company tries to *"hide behind the HIV status of the worker*" and claim that their illness was due to HIV. Even though the mining companies claim to provide treatment, when workers are too ill to continue working and return home there is no provision made for the continuation of treatment. An important indication of NUM's ongoing monitoring of treatment and care is the call for professional health ethics. Workers indicate that nurses use discriminatory means to identify HIV positive workers. For example: *"Red stickers are put onto your folders"*.

Even where NUM has no collective bargaining agreement on HIV/AIDS like in Eskom, the union's strategy has been to engage with the existing company policy. Eskom has had an HIV/AIDS policy since 1998. The programme includes a wellness programme, VCT and ART. In the opinion of the union members interviewed, even though the existing policy was initially developed without union involvement it is seen as a good one. The union sees its role as reviewing and enhancing the existing policy. NUM sits on the HIV/AIDS committee and if there are issues to deal with, the representatives take them back to the union for discussion. An important move forward on the part of the union is the involvement of NUM representatives in the HIV/AIDS committee meetings. When the HIV/AIDS committees were first formed only corporate representatives such as medical staff, wellness managers and HR advisors participated. [20]

It is important to note though that NUM has not managed to impact on all the sectors it organises. Even with important breakthroughs in the mines and Eskom, the construction sector is still far behind. In the words of a NUM official, *"if you are sick you are just dismissed on the spot. Unlike permanent Eskom workers who are seen as skilled, construction workers are mostly casual and as a result are very vulnerable". [21]* It is not only in the construction sector that NUM faces important challenges. *"Outsourced and contract workers at Eskom also do not have the same benefits as permanent workers".* While NUM has managed to ensure that practical measures are in place in some workplaces, the challenge is now to extend these measures to all workers and workplaces.

Another union making an important contribution in the fight against HIV/AIDS is SACTWU. The SACTWU AIDS Project started in 1998 and the first phase of the project was to develop and implement an HIV/AIDS policy, followed by a comprehensive HIV/AIDS programme. Negotiations with the Clothing and Textile Bargaining Council also started in 1998. The aim of the negotiations was to get employers to contribute to the AIDS Project. Contributions were initially from workers' wages, but SACTWU managed to put the demand on the table and into the wage negotiations that employers contribute. Now employers contribute up to 30 cents for each worker.

[91] Presentation by NUM official at 2nd Wits HIV /AIDS in the Workplace Research Symposium (29-30 May 2008)
[20] Interview with NUM member at Eskom 2 August 2007
[21] ibid

The SACTWU AIDS programme centres around three main focal points: prevention, clinical and wellness management, and care and support. A variety of training programmes are offered, including management training, shop steward training and train-the-trainer programmes, as well as training for peer counselling and home based care.

Additionally, a training programme with a slightly different approach is the drama club where four retrenched factory workers have been trained to become actors and use theatre to deliver messages regarding HIV/AIDS.

Another important initiative is in respect to the establishment of public-private partnerships. Since 1999 SACTWU AIDS Project has had a public-private partnership in KwaZulu-Natal with the local health authorities where free provision of sexually transmitted infection (STI) treatment is given to SACTWU members.

In 2003, a social programme was initiated to offer psycho-social support in the form of individual and group counselling to workers and their dependents. The programme also provided skills development opportunities for workers to supplement their income and to explore their creativity, ranging from nutritional programmes to baking courses.
A home-based care partnership was launched in 2003 as a joint pilot project with a Belgian trade union to establish a network of 50 home-based carers in KwaZulu-Natal and begin a partnership with a hospice care facility where workers are allowed to "die with dignity". In partnership with the Clothing and Textile Bargaining Council, seven clinics have been established in the Western Cape and one clinic in KwaZulu-Natal.[22]

The SACTWU initiative is important in that SACTWU organises in an industry where young, poorly paid women constitute a large majority of the workers. Also, the majority of workers are employed in small companies. All of these factors would generally imply a high risk sector with unsympathetic management. The project has introduced important innovations like the public-private partnerships, the accessing of external funding, the combining of HIV/AIDS training with other skills training and close working relations with the bargaining council.

Important steps have been taken but in the opinion of one of the trainers in the project: *"The union must initiate more discussions at the workplace level and even at the bargaining council level. What is needed in the bargaining council agreements is a framework policy, not only references to funding of the AIDS Project. Initiatives are on their way to expand the agreements from the fund to a framework. The framework for company policies must look at the circumstances in different companies. There is a great difference between small companies with five employees and bigger companies with hundreds of employees."* By demanding a framework policy the union hopes to ensure that all workers receive the same practical measures to combat HIV/AIDS.[23]

[22] SACTWU AIDS Project (www.sactwuaidsproject.org.za
[23] Interview with SACTWU trainer 28 June 2007

In the transport sector SATAWU's involvement in the Trucking against AIDS project is an example of how partnerships between unions, government, transport companies, industry suppliers, employers associations and funding agencies can play an important role in taking forward the fight against HIV/AIDS. The project was launched in 1999 under the banner of the National Bargaining Council for the Road Freight Industry. It is a targeted industry initiative focusing mainly on truck drivers and commercial sex workers. The key aim of the project is to reduce the spread of HIV/AIDS in the road freight industry and to provide assistance to people who are already infected by the disease. Services are free of charge and the project is based on establishing wellness centres along main trucking routes, particularly at transit areas or border posts where truck drivers spend hours resting or waiting.[24]

MOVING FORWARD – THINKING ABOUT STRATEGY

From inside out – reworking the union culture

"Without addressing the stigma inside the union, we will not be able to move forward. There is a need for openness and dialogue." This is the view of the majority of shop stewards and union officials who participated in the research. Suggestions to address the stigma included the need for union-initiated policies and programmes; union leaders acting as role models by testing and publically declaring their status; discussions about how to create more open and compassionate relations between union employees and amongst union membership more generally; making peer education part of the union processes and training all shop stewards with an approach that sees peer education as part of social transformation.

Even though HIV/AIDS must be dealt with through programmatic intervention, it is important to recognise the role that dedicated individuals play in initiating and strengthening responses to the epidemic.

"I chose to become involved to try to make a difference, and to understand why the numbers of infections are still growing and why there is no cure. I am a peer educator, but I am also a part of the Eskom community outreach programme and visit community projects from time to time." [25]

From our research findings it would seem that brave, concerned individuals play a key role in getting HIV/AIDS to be taken seriously in the workplace. These individuals are sometimes union members, sometimes individual workers who have been trained in the workplace or in the community as peer educators, workers living with HIV/AIDS or directly affected, and sometimes relatively junior managers, usually from the human resource departments. It would seem that the majority of these individuals are women who have relatively limited power in the company and whose interventions are hampered by a lack of resources or limited capacity. These individuals are important as agents for change but we need to recognise that responses driven in this way are generally weak and fragmented as it is not part of a collective and organisational strategy.[26] Unions need to find ways of relating

[24] Matthew, P; Watson B. (2006) ***Trucking against AIDS: a unique and sustainable response to HIV/AIDS by the South African road freight industry***, Presentation given at the XVI International AIDS Conference in Toronto, Canada, 13–18 August, 2006.
[25] Interview with NUM member at Eskom (August 2, 2007)

to these individuals, if they are union members, to ensure that the work they are doing is valued within the union structures and programmes. If they are not union members, unions need to find ways of recruiting these concerned individuals.

From the margins to the center – addressing the gendered nature of HIV/AIDS

There is a general consensus amongst all the participants in the research process that the relationship between gender and HIV/AIDS must first and foremost be dealt with inside the unions.

"Before bringing an issue surrounded by discrimination and stigma to the negotiation process, these problems must be properly addressed and reflected upon within the unions." [27] (August workshop)

Where unions are addressing HIV/AIDS, it is usually located as part of the gender structure or is seen as a health and safety issue. A question raised in the August workshop was:

"Is the reason why we keep hitting a wall in the struggle against HIV/AIDS, when we spend millions but still the infection rate keeps rising, a reflection of unequal power relations between men and women?"

Unions are not immune to these unequal power relations. Even where resolutions, policies and structures exist, gender relations in unions are anything but equal. The experiences of women in the GIWUSA reference group in many ways reflect the experience of women in all of the trade unions involved in this research process. Comments included:

- Women have a fear of speaking in a male dominated space
- Unions do not provide childcare so this limits participation by women
- There are no women organisers and this is a problem because men sometimes do not understand the problems that women face
- Women abuse is everywhere even in unions and women are not treated like human beings.

A key feature of this unequal power relationship relates to how the reproductive work women perform is viewed. Childcare, family responsibility and caring are still seen as "women's work". From our survey of collective bargaining agreements and views of women workers, it is clear the devaluing of "women's work" is prevalent within the unions. It is therefore not surprising that the support and caring involved in HIV/AIDS work has been left to women in the workplace and in the unions.

Another key feature of the gendered nature of HIV/AIDS is how sexual relations are viewed. Macho masculine identities remain a feature of union culture and this identity is associated with multiple sexual partners and even a lack

[26] CPH- HIV/AIDS in the workplace symposium 2004
[27] View of participant at the "Developing strategies for mainstreaming HIV/AIDS in Collective Bargaining" Workshop – August 14, 2007

of caution in high risk sexual situations. The women shop stewards in the research process often spoke about emotional and psychological abuse in the union. In this context women seem to express a sense of fatalism about protecting their sexual health.

The union in many ways mirrors some of the relations women experience in the workplace.

"Women are treated like pre-school children. The boss does not want us to talk to each other and even though I am a leader I feel invisible."

"Men earn more money than women."

"Jobs that are done by women are valued less. If a man did a certain job before, the name of the job changes when it is given to a woman."

"The company does not consider my needs as a woman."

"There are no separate toilets or change rooms for us women especially if we are a small minority in the company. This creates problems for us as we have no privacy."

"No female condoms, only male condoms are distributed. Even in companies where the majority of the staff is female." [28]

Addressing HIV/AIDS in the workplace means dealing directly with the unequal power relations between men and women in the workplace and in the union. Throughout the research process a number of suggestions have been made: more discussions in the union on the gendered nature of HIV/AIDS; reviewing how reproductive work is valued; a more conscious focus on collective bargaining demands that takes reproductive work, particularly "caring work", into account; and practical demands like the demand for female condoms to be made available in all companies. The focus on female condoms is important not only in protecting women, but also in putting firmly on the agenda the rights of women in taking control of their own sexual health.

Using the law

From the research process there were three different views on how to engage with existing legislation. One view was that unions should have a more radical approach to the law and that it should be compulsory for all companies to have policies on HIV/AIDS with legislation to support this and penalties if companies do not comply. Another view was that the existing legislation was sufficient and that it is more important to negotiate how to enforce this existing legislation. A third view argued that the provisions of the existing legislation are too vague with reference to HIV/AIDS and that there is a great problem of adherence when the legislation is so general.

A number of suggestions for improving the legislation were proposed: that the Department of Labour should appoint inspectors to assess the levels of

[28] Views of women in the reference group

discrimination in companies; that the provision of family responsibility leave in the Basic Conditions of Employment Act is inadequate and that provision should be made for leave for caring of family members beyond just children; and lastly, that provision be made for long sick leave.

Keeping ahead of the employers

HIV/AIDS should be brought directly into the collective bargaining process as a strategy for protecting and advancing the interests of workers. This was the view of the majority of participants in the research process. Locating HIV/AIDS in the collective bargaining process would mean treating HIV/AIDS as not just a health issue but developing a strategy that takes into account the social conditions, gender relations and discrimination that workers experience. It will also need to be a strategy that focuses on grassroots and democratic processes to develop proposals, recommendations and demands.

From the research process the following recommendations emerged:

- Collective bargaining should address matters such as medical cover, incapacity benefits, sick leave, benefits for orphans, burial benefits, and compliance of labour legislation. Also, to look at social conditions like family housing instead of hostels. The agreements should also include provisions in the workplace to assist in addressing the epidemic, for example, time off for peer education and training, practical measures to allow for voluntary counselling and testing, and wellness programmes that include the provision of ART.
- Agreements should be formally recognised collective bargaining agreements and not informal agreements with sympathetic management, as these are subjective and dependent on the mood and attitude of the management.
- There is a need for union peer education and training for models for social transformation that are formally recognised in agreements. In this model peer educators are viewed as popular educators who see people as having the capacity to understand their rights and to organise and transform their conditions. Peer education should include not only the medical aspects of HIV/AIDS prevention, testing and treatment, but also the socio-political, socio-economic and gendered elements of the spread of the epidemic and responses to the epidemic. The peer education and training process should also focus on building co-operative and trusting relations, raise consciousness and lead to action. Action that, for example, empowers shop stewards to negotiate workplace policies.
- The wellness programmes should encourage workers to disclose all chronic illnesses and provide assistance and treatment for these illnesses. Workers on company-based wellness programmes should have access to treatment even if they are temporarily based outside of the company, for example, when on leave. Wellness programmes should be extended to family members.
- Unions should engage employers using the Government's National HIV/AIDS Strategic Plan as a framework for developing collective bargaining agreements.

Moving beyond the shop floor

Building partnerships and alliances needs to be a central component of any trade union strategy addressing HIV/AIDS. The Treatment Action Campaign (TAC) has been at the forefront of developing strategies for dealing with HIV/AIDS and has a large number of activists working in a range of different contexts. A sharing of experiences between these activists and worker leaders at a local level can play an important role in strengthening union strategies.

There are also a number of existing models of workplace-community co-operation being initiated by union activists. These include workers in the retail sector (including customers) in awareness raising programmes; retrenched or retired workers in the clothing and textile industry working in home base care projects; and joint company and union-driven community projects, for example, orphanages.

Building strong partnerships that extend to the community is important in shaping alliances outside of management-driven initiatives, alliances that can be based on mutual experiences, needs, respect and compassion.

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BUSINESS AS USUAL?

trade unions and the restructuring of work

by Jan Theron, Labour and Enterprise Policy Research Group, UCT

INTRODUCTION

"Business unusual" was a phrase President Mbeki coined in his 2008 State of the Nation address. It was meant to convey government's commitment to respond positively and proactively to the public's loss of confidence in its ability to govern. Government could after all not pretend it was able to carry on with business as usual, following major nationwide power-cuts and the ANC's Polokwane conference. It remains to be seen, of course, whether it will really be "business unusual" for government, or "business as usual."

There is a parallel to be drawn here between government, and its relation to the people of South Africa, and the trade unions. One lesson to be learnt from the ANC's Polokwane conference is that government remains accountable to the political party in power. Yet there is a broader sense in which government is accountable to the people, irrespective of the party in power. So too, trade unions are accountable to a broader constituency than their members for the time being. How trade unions define and relate to that broader constituency defines their character as a trade union, or the trade union tradition they belong to.

In the 1970 and 1980s, for example, a tradition of trade unionism emerged that had previously been repressed. No doubt the different unions that made up the emergent union movement each had their own interpretation of this tradition. But all in one way or another sought to establish a relationship to a constituency that was not defined in terms of race or ethnicity or language, but was rather defined in terms of class. And for some, at least, this relationship was defined in terms of a notion of the working class that extended beyond those workers currently in jobs.

It was absolutely necessary for the emergent unions to project themselves in this way in order to establish an organisational base, not only against the opposition of employers and a hostile state, but by displacing a very different trade union tradition, with which the "emergent" unions had to engage from the outset in a struggle for ascendancy. This was the tradition of the "established" trade union movement of that time. These were unions that, in one way or another, preferred to represent the sectional interests of their members, and to disregard unorganised workers, even in the same workplace, whether because they did not have the same skills, or because they were African, or both.

WHAT HAS CHANGED

Much has changed in the thirty years or so that has elapsed. The emergent trade unions became established: first organisationally, then politically. In the process there were, perhaps inevitably, short-cuts taken, and deals done that have since turned sour. At the same time, over the same period, many of the constraints under which capitalism operated post-World War 2 have been removed (what Glyn refers to as the "unleashing" of capitalism).[2] Accordingly, the global economy has been restructuring. This restructuring is not unrelated to the position of organised labour. Indeed, organised labour and labour regulation represented one of the principal constraints on capitalism in the economies of the global North that needed to be removed (Glyn, 2006).

The organisational base of the emergent unions was the workplace, particularly the workplace of the primary and secondary sectors.[3] But in order to prevent capital relocating to locations where the unions were not organised, it was necessary to link the different workplaces in a coherent industrial structure. Global restructuring has now eroded this base. Jobs have been shed, especially unskilled jobs in the primary and secondary sectors. The jobs that have been "created" have been mainly in the tertiary, or services sector.[4] At the same time the informal economy is burgeoning, and there is increasing inequality.

There is inequality not only between the upper classes and the working class, but amongst what formerly would have been conceived as the working class. Indeed, because it is increasingly difficult to conceive what is now the working class, one increasingly hears of the "working class and the poor" spoken in the same breath. The implication is that the working class is not necessarily poor, and the poor are not necessarily working class.

Trade unions have of course responded to these changes in various ways. In the main, however, their response has been to seek to bring their political influence to bear in opposing policies calculated to erode their organisational base, and that are perceived as detrimental to their interests. In so doing they have sought to defend the status quo, the gains achieved in the 1990s after the political transition. However, the real gains made by the emergent unions, I would argue, was not the labour legislation adopted in the 1990s, but the organisational gains that made them possible. Partly as a result of the deals done and short-cuts taken, labour legislation has in fact not prevented the organisational base of the trade unions eroding.

My point of departure here is that the claim of trade unions to represent working class interests has to be founded organisationally. In the absence of a successful strategy to organise the unorganised, notably workers in new jobs in the services sector, a defence of the status quo can only mean

[2] See A.Glyn, 'Capitalism unleashed: Finance, globalism and welfare.'
[3] The primary sector refers to industries such as mining, fishing, agriculture and forestry that provide raw material for conversion into commodities and products. The secondary sector refers to industries in which raw materials are converted into commodities and products, and encompasses manufacturing and construction, amongst others.
[4] It is questionable how many of the jobs "created" in the service sector are new, as opposed to jobs in the primary and secondary sectors that have simply been converted.

carrying on with business as usual. That would imply focusing only on representing the sectional interests of their members, in much the same way trade unions representing mainly white, mainly skilled workers used to do. If however the trade unions are to be true to the tradition on which today's established union movement was founded, they need to devise an organisational response to the way in which their organisational base is being eroded.

UNDERSTANDING THE EFFECTS: INFORMALISATION FROM ABOVE, INFORMALISATION FROM BELOW

The easiest way in which to understand how employment is being restructured is by its effects. Two effects are easy to discern. One is that ever fewer persons are being employed in a **standard employment relationship** or typical job. A standard employment relationship may be defined as one that is full-time and of indefinite duration (hence also the term "permanent" job). Correspondingly, ever more are in **non-standard** or **atypical employment**.

The second effect of restructuring is a blurring of the distinction between someone who is employed and someone who is self-employed, or operates as a so-called independent contractor. As a consequence, it is also necessary to distinguish between employment in a legally enforceable employment relationship, and **work**, which incorporates both employment and self-employment. An **employee** is someone who works in a legally enforceable employment relationship. The term "**worker**", which once connoted someone employed in the production process (in the primary and secondary economy, as opposed to employees in administrative or managerial positions) is nowadays increasingly used to encompass both employees and the self-employed.

As regards the first effect, the increase of non-standard employment, it is important to note that this takes different forms, which may be more or less well protected by labour legislation, depending on the conditions under which it takes place. Thus even though all forms of non-standard employment are less well protected than standard employment, there are important differences between **part-time** and **temporary** employment, for example.

Part-time is employment that is not full-time. Where there are a reasonable number of hours guaranteed, this is a comparatively secure form of non-standard job. The security of employment of a temporary worker, in turn, depends on the period she or he is employed. If it is for a long period, it may be comparatively secure. Even so, the worker is not protected by the unfair dismissal provisions of labour legislation when the period expires.[5] Where a temporary worker is employed for a short period, and even more so where the period is determined by a third party, it is highly insecure.

"Casualisation" is a term trade unions sometimes use to describe how

[5] The only circumstance where a worker can claim she or he has been dismissed at the end of a fixed-term contract is where she or he had a reasonable expectation it would be renewed. However the worker making such a claim will first have to prove the existence of such an expectation, and that he was therefore dismissed. See section 186(1)(b) of the LRA.

employment is being restructured. However the terms we choose shape how we conceive of a problem, and this particular term in a South African context has its drawbacks.

Historically, **casual workers** were the least protected of all workers in the formal workplace. These were temporary workers taken in at the factory gates, to work for a day or two, and in any event not more than three days continuously, with no security and no benefits. However today "**casual**" is a term that no longer has a precise legal meaning.[6]

While the practice of employing casuals still continues, it has been substantially transformed by the rise of **labour broking**, otherwise known as **temporary employment services** (**TESs**). With labour broking, employment is temporary. However the period for which workers are employed is determined by the client. Paradoxically, nothing prevents a worker being employed indefinitely on this basis. It nevertheless remains highly insecure employment.[7]

The difficulty with using the term "casualisation" to describe how employment is being restructured is that it seems to suggest that the problem concerns only the protection of those in an employment relationship, as opposed to the broader category of those who work. In the context of a developing country, in which increasingly larger numbers are "employed" in the **informal economy**, this seems inappropriate. It makes better sense, therefore, to speak of "casualisation" only with respect to the utilisation of part-time and temporary workers.

The informal economy refers to activities that take place outside the framework of state regulation. Yet it is an unsatisfactory term. Firstly it is not an economy, in the sense of a discrete body of economic activity (and still less is it a sector). Secondly, and for the aforegoing reason, it is also not susceptible to reliable measurement. When therefore the term is used to imply that there is a clear divide between formal and informal, as government does when speaking of the "second economy", it is downright misleading. There seems to be a growing consensus that rather than "economy" or "sector" it is preferable to refer to a process of **informalisation**.

Informalisation is a process taking place in the formal workplace as much as in the open spaces besides the taxi ranks and informal settlements, although the dynamics are different. It is therefore appropriate to distinguish between two inter-related processes: "informalisation from above" concerns a process in the formal workplace whereby ever more persons are in employment relationships to which labour legislation applies in theory, but is generally ineffective; "informalisation from below" corresponds with the activities in the informal workplace that are conventionally conceived of as informal (Theron, 2007)[8].

[6] In terms of the Basic Conditions of Employment Act of 1957 "casual employee" meant someone employed for not more than three days a week. However the BCEA of 1997 scrapped the term.
[7] TESs regard their employment relationship with the worker as terminating automatically when their contract with the client terminates. Some TESs regard it as a matter of good practice to give the worker a minimum period of notice, but none, it appears, consider themselves obliged to comply with the minimum period in the BCEA.
[8] The distinction between informalisation "from above" and "from below" corresponds with the a distinction drawn between informalisation from the demand side and from the supply side drawn by Birchall. (Birchall, 2001: 13). Birchall has categorised informal activities as follows: the owners or employers of micro-enterprises (who may or may not be employers in their own right); the own account workers, who work alone or with unpaid employees (such as apprentices and family members); and dependent workers (Birchall, 2006).

"Informalisation from above" and "informalisation from below" reinforce one another. That is why it is necessary for trade unions to devise strategies to organise workers in both formal and informal workplaces. However the premise for any such trade union strategy must be to acknowledge that extensive informalisation has already taken place. In the sections that follow, I endeavour to explain the causes of "informalisation from above", or rather, the specific mechanism by which it is achieved. To illustrate the argument, I look at two case studies of the contemporary workplace: one in manufacturing, another in retail.

UNDERSTANDING THE MECHANISM: THE EXTERNALISATION OF EMPLOYMENT

The primary mechanism by which "informalisation from above" has been achieved is **externalisation**. This refers to the restructuring of the employment relationship, in terms of which workers working for a core business, which is usually regarded as the client, are "employed" by someone else, such as an intermediary or service provider.

As a consequence, the wages of these workers are determined by the core business, in its contract with such service provider. This is a commercial contract, to which labour legislation does not apply.

As a general proposition the benefits of externalisation for an employer are twofold. Firstly, there is a direct cost saving, in that a service provider is able to employ workers at a minimum wage that is far lower than the core business would otherwise be able to do. Secondly and no less importantly, the core business is able to control the conditions under which workers are employed without becoming liable for any of the contingent costs associated with employment, such as if unfair dismissal proceedings are instituted. This is what the conventional rationale of "focussing on the core business" boils down to.

At the same time, for "unleashed" capital, externalisation is a particularly elegant way to overcome the constraints on its operation that trade unions and labour regulation represent. On the one hand it broadens capital's class base, by creating the opportunity for enrichment by a layer of what are in effect intermediaries, typically at the expense of the most vulnerable section of the working class, namely those who lack skills. It is of course politically preferable in the South African context that these intermediaries be black.[9] On the other hand it further fragments the working class. Workers in employment, in the organised workplace, are now divided between those employed by the core business and those employed by service providers.

The outcome of externalisation is thus a **triangular employment relationship**, so-called because the nominal employer (who is also the legal employer) is not the real employer, in that he or she is in fact economically dependent on the core business. Labour broking is regarded as the classic

[9] There are indications this is in fact occurring. Black entrepreneurs, including former trade unionists, are prominent in security, contract cleaning, catering and temporary employment services, although further research is needed in this area.

example of such a relationship. But that is only because the labour broker or TES is so obviously not an employer, in any meaningful sense of the word, and would not be regarded as such but for labour legislation. Given the exponential growth of labour broking, this must be regarded as a particularly unfortunate case of a done deal that turned sour.

On the other hand the designation of TESs as the employer in labour legislation can also be ascribed to superior lobbying by employers, informed by a clear vision, and their successful utilisation of the law. In the United States, for example, this was achieved by a protracted period of lobbying and litigating in the 1950s and 1960s, state by state, in which Manpower Inc. played a leading role (Gonos, 1997). In Germany, the Swiss multi-national Adecco played an equivalent role in securing recognition of the agency as the employer.

The triangular employment relationship also takes other forms. There is not much that distinguishes TESs from the service provided by another successful employer lobby, the "contract cleaners." That is also true of **labour-only sub-contractors** who are so prevalent in construction (as opposed to sub-contractors with specialist skills, who are likely to be genuinely independent). The retail chain that procures clothing from a design house provides a different example. Here there may be more than one intermediary between itself and the home-based worker who makes garments, and is paid per piece. The relationship is nevertheless of the same character. So too, in the case of **franchising**, where the franchisor determines to a greater or lesser extent the conditions under which the workers of the franchisee are employed. The case of franchising is discussed in more detail in respect of retail.

THE CONTEMPORARY WORKPLACE: A CASE STUDY IN MANUFACTURING

The case of a steel mill in Saldanha illustrates the effects externalisation has had on the manufacturing workplace. It also illustrates why externalisation should not be conflated with **outsourcing.** Outsourcing is a term derived from the employers' paradigm, to legitimate a reduction of the workforce. Operating within this paradigm, unions might suppose it is enough to seek to prevent outsourcing, especially when outsourced workers are employed on terms less favourable than they previously enjoyed[10]. However the steel mill is an example of a "greenfields" development in which employment relations have been structured from the outset to ensure that the mill itself employs as few workers as possible. [11]

Upon entering the workplace, one is confronted by a wall with the name-plates of all the business partners of the company listed on it. This is the entrance of the "contractor village", where all the different contractors on site have their offices. These range from multinational enterprises working with by-products of the steel manufacturing process to a TES. The number of

[10] The 2002 amendments to the Labour Relations Act of 1995 included amendments to section 197, dealing with the "transfer of contract of employment". In the case of the transfer of an undertaking, a case of closing the stable door after the horse has bolted, I suggest.
[11] www.mittalsteel.com . The plant was established in 1998, and is described as the only plant in the world to have successfully combined the corex/midrex process into a continuous casting chain, thereby eliminating the need for coke ovens and blast furnaces.

people they collectively employ is roughly equivalent to the number employed by the mill.

As initially conceived, the mill was to be run by a small workforce of highly trained and multi-skilled people. As a consequence, the entrance qualification for a worker is a matriculation certificate, preferably with mathematics. Computer literacy is requisite. The "philosophy" of the company, as it describes its labour relations policy, is to have a flat organisational structure, resulting in effective communication and maximally delegated responsibility. "Necessary non-core activities" are to be outsourced.[12]

One such "necessary" non-core activity is the service provided by a contract cleaning company. Whereas the mill workers seem to be mostly locals from the Saldanha-Vredenburg area, and are predominantly coloured, the workers who do the cleaning come from the same places in the Eastern Cape from which industry in this area used to recruit migrant labour in the apartheid era. The "cleaning" these workers do is with picks, shovels, wheelbarrows, buckets, sometimes even a small jack-hammer. By any standard it is heavy physical work. In some localities it is hazardous.

It is clear, also, that this work is an integral part of the production process. So it is not surprising that there should be an expectation that workers would be paid a wage determined by the mill. In truth they are. But the minimum wage the mill has to pay is stipulated in the sectoral determination for the contract cleaning industry.[13] The only way the workers would be able to achieve a premium on this minimum would be through organisation. They are not entitled in terms of legislation to organisational rights at the workplace where the actually work. That is because it is not regarded as the workplace of their employer. Still less are they entitled to bargain with the mill. [14]

No-one knows how many jobs in manufacturing and on the mines have been converted to this form of "cleaning" but probably it is considerable.[15] Certainly some of the growth of jobs in services is attributable to this kind of conversion. There is also nothing unusual about a manufacturing workplace which "houses" about the same number of workers employed by service providers and intermediaries as are employed by the "core business". Indeed this increasingly seems to be the norm. It also seems to be the norm for workers employed by intermediaries and service providers, particularly TESs, to earn a fraction of what a worker in an equivalent job in standard employment would earn: in many cases as little as half, or less than half.

THE CONTEMPORARY WORKPLACE: A CASE STUDY IN RETAIL

The case study of the "cleaners" in the steel mill illustrates why the legislative definition of workplace is an obstacle to organisation. This is not only because the actual workplace, the mill, is not the workplace of their employer. It is

[12] Untitled, unpublished document provided by the Metal and Engineering Industry Bargaining Council.
[13] Sectoral determination 1: Contract cleaning sector, Gov notice No 622 of 14 May 1999, as amended.
[14] If they want to bargain collectively, it seems, they will have to bargain at the forum where the contract cleaners meet with the unions, voluntarily, every couple of years. It will be nothing like the wage they would secure if they were able to make common cause with the mill workers.
[15] This is also indicative of the disintegration of the concept of an industrial sector, with far-reaching implications for the way in which labour relations are structured.

also because, in terms of labour legislation, the workplace of an employer with more than one operation is *all* the places where the employees of that employer work. This, it seems, is a case of a short-cut taken in order to protect established unions against challenges from newcomer unions. So whether it is a contract cleaner operating nationally, or a large retail chain, a union must prove it is representative in all the employer's operations to exercise any organisational rights whatever.[16]

The retail sector is South Africa's biggest employer. Amongst the large retail groups the restructuring of employment has primarily taken the form of converting full-time jobs to part-time jobs, rather than externalisation. This has had particular consequences. It was because the largest of the retail unions was unable to recruit sufficient part-time workers that the retail chain Woolworths terminated its agreement. And a newcomer union that had organised workers in the Western Cape was refused recognition because it was not representative of Woolworths' workers nationally. So perhaps it is not surprising that at a Woolworths store in a regional shopping mall in Stellenbosch, the workers believe it is company policy not to recognise unions.

Pick'n Pay is at the other end of this mall. The Pick 'n Pay group recognises the trade union Woolworths de-recognised. But this store does not belong to Pick'n Pay. It is a franchise, and the workers are not organised by the union. It is also not clear whether the union has attempted to organise the workers of such franchisees. If so, they have been singularly unsuccessful in doing so. For it is inconceivable that Pick 'n Pay, as franchisor, would not be in a position to compel its franchisee to recognise the union if it was inclined to do so.

Franchising is an example of the increasingly important role externalisation plays in retail. It too is not a consequence of outsourcing. Another example of externalisation in retail is merchandising. It is the merchandiser who stocks the supermarket shelves. It is also the merchandising firm that maintains the appropriate levels of stock in warehouses, in order to fulfil this function. It is a "core" function, particularly in the event of industrial action. Whereas in most instances it is unskilled jobs that are externalised, in this instance the converse applies. The object appears to be to frustrate the potential for trade union organisation.

I take a shopping mall as a case study of a retail workplace, because this is increasingly where retail activity is located. It would be difficult to ascertain the terms on which Woolworths and Pick 'n Pay leases their premises. However it is common knowledge that the success of any shopping mall depends on securing an anchor tenant such as these. For this reason the large retailers are usually able to command favourable terms. In between the two retail chains is the usual range of smaller shops, restaurants and retail outlets that one typically finds in a shopping mall of this kind. A large proportion of employment in retail is in this kind of outlet. In the context of a mall, these retail outlets can be regarded as satellites of the large retailers.

There is also a huge component of the retail sector employed in the informal economy. This of course includes street-traders and hawkers, although that

[16] Section 213, Labour Relations Act, 1995. The exception is where the operations are "independent of one another by reason of their size, function or operation."

kind of activity would not be permitted in an upmarket mall like the one studied. Indeed it is probably to prevent intrusions of this kind that the mall permits a different kind of informal employment. On any day of the week there are about eight men patrolling the parking area, in distinctive orange and white shirts and hats. All seem to hail from the DRC or Congo, and live elsewhere. They are issued with the uniforms, to signify that they are authorised to operate as "car guards". In other words they work for tips. For this privilege, they pay R10 a day to an intermediary, who has a contract with the mall's management to provide this service.

Were these large retailers in the mall organised, it would doubtless have an impact on wages and working conditions of the entire mall. It would also be possible to contemplate organising workers in smaller retail outlets, and even the car guards in the informal economy. Perhaps the car guards could be assisted to form a cooperative, and cut out the middle-man. For the retailers who occupy it, the mall is a place of work. Why then should unions not treat such malls as the workplace?

SEGMENTATION AND HIERARCHY IN THE WORKPLACE

The restructuring of employment has thus resulted in increased segmentation in the labour market. Firstly, there is segmentation amongst those employed in the same enterprise, between workers in standard and non-standard employment. Secondly, there is segmentation between those employed directly by an enterprise and those working for it, but employed by intermediaries and service providers. In almost all respects – wages, conditions of work, health and safety, access to skills development and training, social security and social protection – workers in such triangular employment relationships are likely to be even less well protected than workers in part-time employment, or the more secure forms of temporary work.

Thirdly, there is segmentation between those employed by or working for the enterprise, and those employed by or working for satellites of the enterprises, or the informal economy: in the context of the retail mall, I have suggested this includes smaller businesses, and the car guards in the informal economy.

Clearly this segmentation translates into a hierarchy, or pecking order, with workers in standard employment at the top. If one were to evaluate how effective trade unions are in counter-acting this segmentation, one would first of all have to establish who their members are. If, as in the case of the steel mill, the members of one union are exclusively drawn from the core-workforce of the mill, and it is accepted that another union should represent the lower-paid, less educated "cleaning" workers, then the unions are in fact reinforcing a kind of class division amongst workers. So too is a retail union that fails to organise part-timers, or rise to the challenge of franchising.

By the same token if one were to evaluate how successful unions have been in advancing the interests of the working class, or labour legislation has been in improving conditions in the workplace, the appropriate place to begin one's enquiry would be at the bottom of this hierarchy: in the case of the steel mill, with the "cleaning" workers; in the case of the shopping mall, with the car guards.

AN AGENDA FOR ORGANISATION AND AN AGENDA FOR BARGAINING

There will of course be those in the trade unions that suppose that if only they could cling long enough to the status quo, the tide will change. This is a business as usual approach. In a context in which there is a hierarchy in the workplace, and the status quo benefits mainly workers in standard employment, it also amounts to a defence of sectional interests, at the expense of the broader interests of the working class.

The starting point for developing an appropriate response to the restructuring of employment is, firstly, to acknowledge it has happened. This necessitates trade unions doing an honest audit of whom they represent, and who the workers are without protection, starting in their own workplaces. It also necessitates a change of mindset. The supposed legislative gains that were made in the 1990s have already been undermined. Anyway, legislation that is not underpinned by organisation is of limited benefit for any section of workers, but particularly for unorganised and vulnerable workers.

It is therefore also imperative for trade unions to understand that there is no regulatory quick-fix. This does not mean there is not a need to reform regulation. But simplistic demands to outlaw any form of non-standard employment, or to convert non-standard workers to standard status, are unlikely to succeed. A more fruitful strategy would be to promote forms of non-standard employment that are more amenable to trade union organisation, such as part-time work. However this would have to be coupled with a strategy to organise informal workers, be they in the formal or informal workplace.

Here it is important to realise that law, which is often presented (typically by lawyers) as opening space for organisation, is more often than not used to limit or close organisational space. The case of TESs is an obvious example. It is clear which economic entity determines the conditions under which the workers placed by a TES work. It is the client. But the LRA has closed the legal space for holding the client accountable (although not altogether). So too, the definition of a workplace serves to close organisational space.

But nothing compels the trade unions to accept legal definitions that emasculate their organisation, unless it is their own weakness. The fact that workers placed by TESs are not organised does not mean that trade unions representing workers of the client cannot take up their cause. So too the trade union at the steel mill could make common cause with the “cleaners”. The problem confronting workers in triangular employment relationships such as these is essentially the same problem confronting workers in the informal economy: how to hold powerful economic entities that in fact determine the conditions under which they work accountable.

Trade unions should be the first to appreciate that this is at root and base a problem of organisation. In the case of the informal economy, there may be no economic entity visible determining the conditions under which workers work. Yet the task of organisation is to make linkages visible, in much the same way the emergent unions made the links between different employers in different workplaces visible, underpinning its founding principle of "one union, one industry." In the case of the retail mall, the informal economy is literally outside the doors of the formal workplace.

Of course any attempt to establish linkages between formal and informal will be resisted. Here there are a variety of strategies that can be attempted. There are of course instances where public pressure has succeeded in forcing even multinational companies to accept responsibility for labour standards in plants that are ostensibly not theirs. But such campaigns are best reserved for high profile cases. They do not address the day- to-day problems of workers without voice or representation. In any event, even in high profile cases there is no substitute for effective organisation of the workforce.

So trade unions need to facilitate the organisation of the unorganised. Ideally one would hope that workers would be organised into one union. But given the segmentation that has occurred, this may not be realistic. So whether they are organised into the same union, or a separate union, is perhaps a question that needs to be decided at a later juncture. It also may not be appropriate to organise these workers into unions at all. Because activity in the informal workplace is primarily entrepreneurial in character, it may be more appropriate to organise cooperatives than unions. Cooperatives and trade unions are nevertheless compatible organisations, with a comparable history and comparable traditions.

Coupled with the question of organisation, trade unions need to develop an agenda for bargaining that acknowledges the existence of a parallel workforce in the formal workplace, and which addresses "informalisation from above". It will be said that a trade union cannot bargain for those it does not represent. But this, of course, is something trade unions do all the time. Moreover the effect of the existence of this parallel workforce is to undermine the employment security of its own members, as well as its own bargaining position. An agenda containing the kind of demands trade unions might make is listed in an appendix hereto. However the situation in each workplace would dictate the kind of demands a union would pursue.

Nothing precludes a union from bringing pressure to bear on its employers to recognise the rights of others to voice and representation. Or from demanding that an employer puts pressure on the shopping mall to contract with a cooperative of car guards, rather than an intermediary. Or to demand the establishment of a forum where vulnerable workers such as those employed by intermediaries and service providers can be represented.

APPENDIX 3: A Possible Organising and Bargaining Agenda for Trade Unions

The following is a possible organising and bargaining agenda for trade unions, that can be adapted or supplemented according to the profile of the sector concerned. But any effective strategy for organising and bargaining depends on good information. Accordingly it is necessary to begin with a series of questions addressed to the union members of a firm where the union is planning to bargain, followed by a number of demands union could make in terms of the right to information provided in the LRA. These demands are linked to the organising and bargaining demands.

Information: Part-time employment

- Where is the place where you (the union member(s)) actually work?
- How many people are employed at this workplace by the same employer as yourself?
- Are there any persons working part-time in this workplace? If so are they employed by the same employer as you, or someone else?

(The questions concerning part-time work that follow are based on the assumption that these workers are employed by the same employer as yourself.)

- Is there a minimum number of hours these part-time workers are supposed to work? If so, what is it?
- Do these part-time workers earn the same hourly salary as full-time workers?
- Are these part-time workers organised? If not, why not?

Externalised employment

- In the place where you work, are there workers employed by a labour broker or agent?
- If so, about how many workers at any one time are employed by a labour broker?
- How many of these workers are filling-in for workers on leave etc and how many are continuously employed?
- If there are workers of a labour broker who are continuously employed, is there any limit on how long they can be employed?
- If there are workers of a labour broker who are continuously employed, are they paid the same wages as workers employed by your employer?
- Do these workers have a written contract with the labour broker?
- Are the workers of other service providers or contractors (ie apart from a labour broker) working at the same workplace as you?
- What services do these workers provide?
- Do these workers have a written contract with the service provider or contractor?
- Are these workers unionised?
- Do the workers of a labour broker or service provider share the same cloakrooms as you?

- Are there jobs currently being performed by workers employed by a labour broker or service provider or contractor, that could be performed by workers employed on a part-time basis?

Right to information

- What are the terms of the agreement between your employer and the labour broker/ service provider/contractor at the workplace? Copies of the contract should be requested. If employers refuse to provide these, you could request extracts from the contract which are certified as true and correct.
- What is the wage the labour broker/service provider/contractor is required to pay the workers in terms of this agreement? Copies of standard contracts entered into between workers and any labour broker/service provider/ contractor operating on the premises are to be provided.
- Does your employer have the right to summarily terminate the employment of a worker of the broker/service provider/contractor? If not, what is the minimum period of notice your employer must give to the broker/service provider/contractor, if your employer wants to remove one of the workers of the broker/service provider/contractor from the premises?
- Does your employer have the right to summarily terminate the contract of the broker/service provider/contractor? If not, what is the period of notice your employer is required to give?

Demands

- To convert jobs currently provided by a labour broker/service provider/ contractor to part-time jobs provided by your employer.
- To stipulate a reasonable minimum number of hours part-time workers can work.
- To stipulate the entitlement of part-time workers to leave and public holidays.
- That your employers ensures that no labour broker/service provider/ contractor pays a wage less than a worker employed by your employer would earn for equivalent work.
- That your employer undertake to ensure that in the event that any worker of a labour broker is employed for a period of longer than three months, he or she will become an employee of your employer.
- That no labour broker/service provider/contractor is to be engaged unless it provides a copy of a standard contract entered into with its workers, and your union is also provided with a copy of such contract.
- That your employer undertake to give not less than one week's notice to the broker/service provider/contractor, if your employer wants to remove one of the workers of the broker/service provider/contractor from the premises.
- That your employer undertake to give not less than one month's notice to the broker/service provider/contractor, if it wishes for any reason to terminate the contract of a labour broker/service provider/contractor.
- That your employer undertake to require any labour broker/service provider/ contractor operating on the workplace to recognise any trade union that is representative of the workers he/she/it employs.

- That for the purpose of the exercise of organisational rights provided in the LRA, any labour broker/service provider/contractor operating on the workplace is required to accept that workplace (ie the workplace of your employer) as its workplace for the purposes of the LRA.
- That your employer permit workers of a labour broker/service provider/contractor to exercise the organisational rights provided in the LRA as though their workplace was your employer's workplace.
- That the same facilities as are provided to permanent workers of your employer are provided to part-time workers, and workers of any labour broker/service provider/contractor.
- That a workplace committee be established, comprising union shop stewards and representatives of the workers of any labour broker/service provider/contractor that can meet jointly with the management of your employer, and the labour broker/service provider/contractor concerned, either on an ad hoc basis or regularly.

THE STING IN THE TAIL

African retail unions organising at Shoprite

An analysis of questionnaires completed by unions organising in Shoprite in 15 African countries

Saliem Patel, Labour Research Service

INTRODUCTION

Research on multinational corporations (MNCs) by labour based organisations has increased due to the need for this information by trade unions in collective bargaining with MNCs. Unions require information about company operations beyond their borders because MNCs make decisions on the basis of their global spread and the global economic environment. Unions are increasingly looking at how they can work with unions in other countries organising in the same company so that they can speak with one voice and improve their collective bargaining outcomes, that is, so that they can improve the living and working conditions of ordinary workers through unity in action.

Shoprite now has 917 operational stores in 16 African countries and also operates in India. Its head office is in Cape Town and it is listed on the Johannesburg Securities Exchange (JSE) in South Africa. Although the bulk of its operations remain in South Africa it is growing fast in African countries. It is not just expanding swiftly but it has shown to be a highly profitable company with its 2006/7 profits climbing by 19.1 percent.

As Shoprite has targeted the African continent as a growth area for its operations it is no surprise that the unions in the retail sector are trying to find ways to work together on the continent. In 2006 the idea of a "Shoprite shop steward alliance" was mooted through the global trade union federation United Network International (UNI). In a workshop hosted by UNI Africa in March 2007 it was agreed that initial research should be conducted to provide

Figure 9: Shoprite Operating Figures

Source: Shoprite Annual Report, June 2007, p5.

insight into what was possible for the unions to do and lay the foundation for a plan of action for the Shoprite shop steward alliance. This research therefore focussed on obtaining information from the unions regarding their members at Shoprite, what the key issues are affecting their members at Shoprite, what their perceptions are of the company, what are they doing currently to organise at the company and how they saw solidarity being built between the unions on the continent organising employees of Shoprite.

This report outlines the results of the research and identifies the key issues that emerged during the research process. It also makes recommendations for building solidarity between unions on the continent organising in Shoprite. A draft of this report was presented to another workshop hosted by UNI Africa in October 2007 which allowed for clarification and correction of the information obtained from the questionnaires. The questionnaire sent out to the unions, the participating unions and the updated responses in tabular form are included as appendices. First, however, there is a note on the methodology used for this research.

METHODOLOGY

In the workshop in March 2007 hosted by UNI Africa and the Fredrich Ebert Stiftung (FES), researchers from the African Labour Research Network (ALRN) as well as representatives from a number of UNI affiliates across Africa were present. It was decided that a questionnaire should be drafted by the Labour Research Service (LRS) for all the unions organising at Shoprite. The questionnaire would be administered by FES offices located in the various African countries together with the union organising at Shoprite. The information from this questionnaire would be collated by the LRS and used in a follow up workshop to discuss the way forward for the retail unions organising at Shoprite in Africa.

The questionnaire would be quantitative so that comparative empirical information could be obtained about the unions and union members as well as their perceptions of wages and working conditions and of the Shoprite management. This would be useful for the shop steward alliance to develop a plan.

The questionnaire was drafted and sent to all the participants of the March workshop for amendments and additions. The final questionnaire used is attached in Appendix 4. Responses were received from fifteen countries and seventeen unions (as two unions responded from both Lesotho and Botswana). No union was found in Angola to send the questionnaire to so there is no information from this country.

The fact that there was an interest in this research from all the trade unions and the FES – which used their infrastructure to facilitate contact with unions, get the questionnaires completed, and collect all of them – resulted in the high number of successfully-completed questionnaires obtained. Another important contributing factor was interest shown by the South African Catering and Commercial Workers Union (SACCAWU) in this research and the entire process towards forming a continental alliance among shop stewards in Shoprite – SACCAWU is thirty-six thousand members strong in Shoprite and its leadership in this process gave confidence to unions organising in countries where Shoprite has just entered or where there are only a few operations. UNI, which initiated this research, ensured coordination of the process in a transparent and participatory manner – ensuring that even unions that were not affiliated to UNI participated fully.

In the follow up workshop in October 2007, eleven unions were present from eleven countries. See Appendix 5 for the union participants at the workshop. These participants made corrections and additions to the information gained from the questionnaires and tabularised by the LRS. The full workshop report can be obtained from the UNI Africa office or the South Africa FES office.

The completed questionnaires revealed that union information systems do not capture gender, form of employment breakdown of members, and union density (percentage of workers organised). This was evident by the gaps in the table on Shoprite union membership that was part of the questionnaire. It was agreed in the October workshop that unions will update this information and attempt to provide the gender and form of employment breakdown of membership by the 11 November 2007. In this report the latest figures provided by unions are used. While there are still gaps in terms of the membership breakdown according to gender and form of employment

Table 14: African Unions that completed the Questionnaires

Country	Union
Botswana	Botswana Commercial and General Workers Union (BCGWU)
Botswana	Botswana Wholesale, Furniture and Retail Workers Union (BWFRWU)
Ghana	Union of Industry, Commerce and Finance Workers (UNICOF)
Lesotho	National Union of Retail and Allied Workers (NURAW)
Madagascar	Confederation Generale Des Syndicats Des Travailleurs De Madagascar (FI SE MA)
Malawi	Commercial Industrial and Allied Workers Union (CIAWU)
Mauritius	Clerical, Administrative, Financial, Technical Employees Union (CAFTEU)
Mozambique	Sindicato Nacional Dos Empregados De Comercio Seguros E Servicos (SINECOSSE)
Namibia	Namibian Food and Allied Workers Union (NAFAU)
Nigeria	National Union of Shop and Distributive Employees (NUSDE)
South Africa	South African Commercial, Catering and Allied Workers Union (SACCAWU)
Swaziland	Commercial and Allied Workers Union of Swaziland (CAWUSWA)
Swaziland	Swaziland Commercial and Allied Workers Union (SCAWU)
Tanzania	Tanzania Union of Industrial and Commercial Workers (TUICO)
Uganda	Uganda Beverages, Tobacco and Allied Workers Union (UBTAWU)
Zambia	National Union of Commercial and Industrial Workers (NUCIWU)
Zimbabwe	Commercial Workers Union of Zimbabwe (CWUZ)

variables, there are at least twelve countries from which the unions presented their full membership number at Shoprite.

RESULTS

As stated earlier, the questionnaire was completed by seventeen trade unions from fifteen countries. Angola is the only African country, where Shoprite retails, for which there was no completed questionnaire because no union could be identified to send the questionnaire to. As seventeen questionnaires were sent and all were received the response rate was therefore 100 percent. All the unions sent completed questionnaires before the October 2007 workshop was held.

The results of the questionnaires are discussed in the categories below:

Trade Union Rights

The questions posed to unions that related to basic trade union rights were:

- Do unions face resistance from the company when they try to unionise?
- Are unions allowed to distribute information to workers?
- Are unions allowed to meet with workers on the company premises?
- Do workers experience any intimidation or discrimination from the company when they join the union?

The unions in seven of the fifteen countries – Botswana, Ghana, Lesotho, Madagascar, South Africa, Tanzania and Zimbabwe – indicated that the company does not resist unionisation and allows them to meet workers on the premises as well as distribute information to workers. Their members employed by Shoprite do not face intimidation or discrimination from the company either. Unions from four countries – Mauritius, Nigeria, Uganda and Zambia – indicated that the company resists unionisation of employees and either does not allow unions to distribute information or does not allow the union to meet workers on the premises or both. Unions from two countries – Malawi and Namibia – indicated that the company resists unionisation by intimidating or discriminating against union members employed by the company, but does allow the union to meet workers and to distribute information on the premises. The union from Mozambique indicated that the company does not resist unionisation and allows meetings and distribution of information on the premises but there have been cases of intimidation and discrimination against union members employed by the company. The two unions in Swaziland had opposing responses with one indicating that the company does not resist unionisation and the other saying that it does.

Note: There is a need to monitor and improve respect for trade union rights at Shoprite in all countries. See Appendix 6 for union responses to questions on labour rights

Collective Bargaining

Most of the unions do not have recognition agreements with Shoprite. Unions in Botswana, Ghana, Namibia, South Africa, Tanzania and Zambia – a total of six countries – have recognition agreements. The union in Madagascar indicated that they do not need a recognition agreement because recognition is legislated. In a further five countries – Mauritius, Mozambique, Swaziland, Uganda and Zimbabwe – unions bargain with the company even though there is no recognition agreement.

Table 15: African Unions and Shoprite - Recognition and Bargaining

Country	Union	Recognition Agreement	Bargains with Company
Botswana	BCGWU	YES	NO
Botswana	BWFRWU	YES	YES
Ghana	UNICOF	YES	YES
Lesotho	NURAW	NO	NO
Madagascar	FI SE MA	NOT NEEDED	YES
Malawi	CIAWU	NO	NO
Mauritius	CAFTEU	NO	YES
Mozambique	SINECOSSE	NO	YES
Namibia	NAFAU	YES	YES
Nigeria	NUSDE	NO	NO
South Africa	SACCAWU	YES	YES
Swaziland	CAWUSWA	NO	NO
Swaziland	SCAWU	NO	YES
Tanzania	TUICO	YES	YES
Uganda	UBTAWU	NO	YES
Zambia	NUCIW	YES	YES
Zimbabwe	CWUZ	NO	YES

Note: Further work must be done on the content of recognition agreements and possibilities of standardising them to improve bargaining arrangements for unions in all countries.

Workers' Demands

Wages came up as the first priority for nine of the seventeen unions. The second priority for these unions was long working hours of full-time workers. Casualisation, flexi-time, short-term or contract employment – dealt with here as non-full-time employment – was also a big concern for most unions. Four unions raised it as their first priority, four raised it as a second priority and four raised it as a third priority – making this one of the top three priorities for Shoprite workers in twelve countries.

Other issues raised by unions were health and safety, management style, and trade union rights. These were not common to all countries – four unions raised health and safety in their top three priorities, four unions raised management style in their top three priorities and three unions indicated organisational rights in their top three priorities.

The union in Madagascar indicated that their top priority demand was for refreshment to be restored. Their second priority demand was the provision of transport. This was not raised by any other union, however, these are clearly demands that workers in all African countries would identify with given the high cost of food and transport. (See Appendix 7 for union prioritisation of workers' demands)

Table 16: Minimum Wages in Local Currencies and Working Hours

Country	Union	Minimum Wage Full-Time (monthly)	Minimum Wage Casual (hourly)	Average Hours of Work Full-Time	Average Hours of Work Casual	Local Currency
Botswana	BCGWU	644.80	3.10			Pula
Botswana	BWFRWU	500.00	3.40	45	45	Pula
Ghana	UNICOF	60 - 100		40 - 48		GHC
Lesotho	NURAW	1,200.00	6.80	45	35	Maluti
Madagascar	FI SE MA	70,000.00	350.00	46	24	Ariary
Malawi	CIAWU	5,500.00	32.00	48	52	M Kwacha
Mauritius	CAFTEU	4,850.00		45		M Rupee
Mozambique	SINECOSSE	2,800.00	14.58	48	48	Metical
Namibia	NAFAU	1,250.00	4.50	45	16	Namibian $
Nigeria	NUSDE					Niara
South Africa	SACCAWU	2,100.00	8.38	45	27 to 30	Rand
Swaziland	CAWUSWA	1,600.00	6.10	45	28	Emalangeni
Swaziland	SCAWU	1,700.00		45	35	Emalangeni
Tanzania	TUICO	165,000.00	583.00	45	24	T Shilling
Uganda	UBTAWU			60		U Shilling
Zambia	NUCIW	550,000.00	1800.00	45	24	Zam Kwacha
Zimbabwe	CWUZ	2,000,000.00		45		Z Dollar

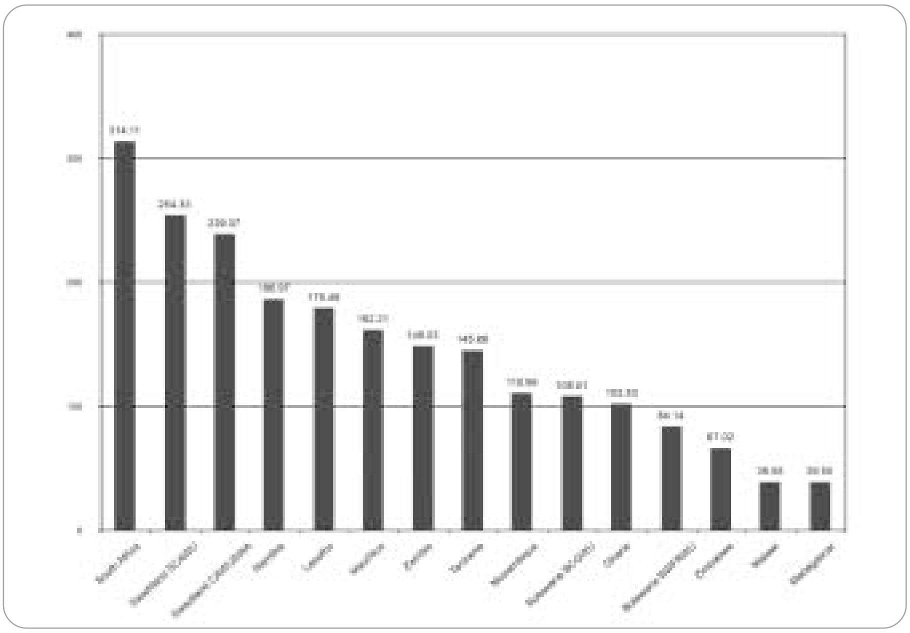
The unions' comparison of Shoprite wages with wages in other retail stores in their countries indicates that wages were about the same in three countries (Botswana, Mauritius and Tanzania). The union from Zambia indicated that it was the same for casuals but better for full-time workers. The unions in Ghana and Malawi indicated that wages at Shoprite were better than at other retail stores. Six unions indicated that the wages were worse at Shoprite than at other retail stores in their countries. With regard to working hours, eight unions pointed out that the working hours were the same as those in other retail stores in their countries. Four unions indicated that the working hours were more at Shoprite in their countries and four said that workers worked fewer hours at Shoprite compared to other retail stores in their countries. (See Appendix 8 for union comparisons of Shoprite wages and working conditions to other retail stores in their countries.)

To compare wages across countries raises numerous problems. The first is that the exchange rate fluctuates continuously. The currencies fluctuate between each other and also with the US$. However, comparison with the US$ does give an indication of where wages are higher for the company and where it is lower. It is important to note also that the wage in US$ does not indicate what can be purchased for this in a particular country – for this one would need to look at the purchasing power parity (PPP). In other words, a higher wage in one country does not mean that the worker earning that wage is able to afford better living conditions than a worker earning a lower wage in another country.

The unions in Nigeria and Uganda did not provide minimum wage data. Zimbabwe has a de facto dual forex market so the rate given below may not be the exchange rate on the streets of Zimbabwe. As two unions responded to the questionnaire from both Botswana and Swaziland and the unions provided different data the minimum wage provided by both unions are included on the next page.

From the graph on the next page it appears that Shoprite pays the highest monthly minimum wage for full-time workers in South Africa, equivalent to US$ 314. This is followed by Swaziland (US$ 254), Namibia (US$ 186) and Lesotho

Figure 10: Full time monthly minimum Wage (IS$)



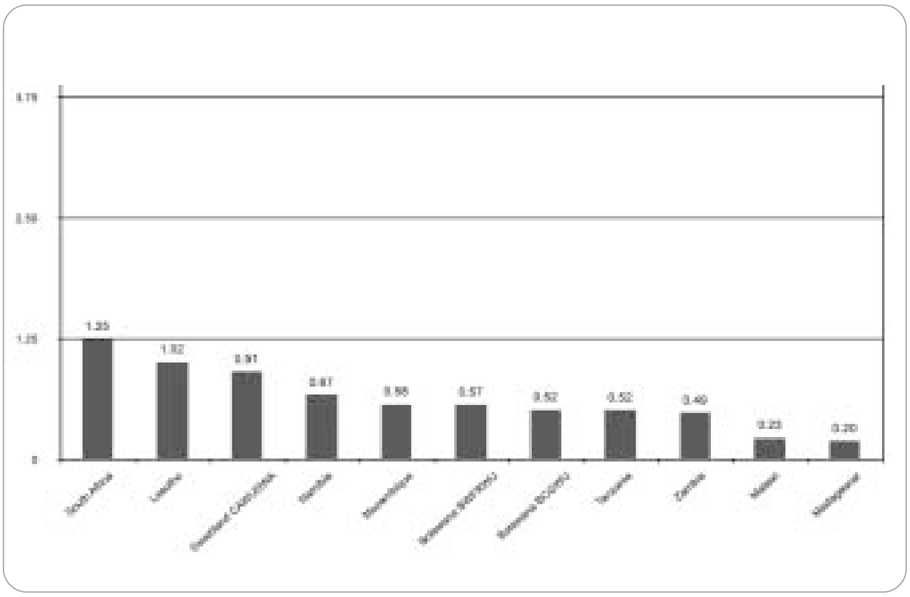
(Note: Exchange rates were used using XE.com and taken on the 7th November)

(US$ 179). These countries are in the Common Monetary Area (CMA), meaning that their exchange rates are pegged to the South African Rand. The country in which Shoprite pays the lowest wage is Madagascar (US$ 39.50) followed closely by Malawi (US$ 39.55).

Six unions did not provide data for casual or non-full-time employees hourly wage rates. These were unions from Ghana, Mauritius, Nigeria, Uganda, Zimbabwe and one of the unions from Swaziland.

Casual or non-full-time workers earn the highest in South Africa (US$ 1.25 an hour). This is followed by the hourly wages in Lesotho (US$ 1.02), Swaziland (US$ 0.91) and Namibia (US$ 0.67). Again the countries paying the most fall within the Common Monetary Area. The hourly wage for non-full-time workers in Madagascar is the lowest at US$ 0.20 per hour. This is followed by Malawi at US$ 0.23 per hour and Zambia at US$ 0.49 per hour.

Figure 11: Casual Hourly Wage (US$)



Note: Education and campaign materials on the workers' issues identified need to be collated and made accessible to all the unions.

Industrial Action

There were questions posed to the union around strike and other forms of protest embarked on by members of the union employed at Shoprite. The unions were also asked to comment on the reaction of Shoprite and by their governments to the industrial action.

There have been strikes at Shoprite in six countries during the past four years.

In Malawi there was a ten day strike in November 2004 on wages and conditions of service. There were 280 workers involved in the strike and a compromise was reached with the company. The union reported that the immediate response of the company was to threaten dismissal but after government intervention this threat was removed and opened the way for a compromise.

In Mozambique there was a three day strike in 2005 on wages, working hours and health and safety issues. All the workers at Shoprite participated and were threatened with dismissal at first. Government did intervene but did not force the company to sign an agreement. However, due to the support of the strike by all workers, the company did compromise on the issues.

In South Africa there were strikes in 2003 and in 2006. The strike in 2003 was for better conditions for casuals and the strike in 2006 was on wages and conditions of employment. The union reported that about thirty thousand workers were involved in the 2003 strike and about thirty-five thousand workers involved in the 2006 strike, and they felt that the strike was very successful in achieving improvements for workers. The company did threaten to dismiss workers and close stores. In addition police and private security were brought in to intimidate workers. These tactics, however, did not break the solidarity between workers.

In Tanzania there was a strike in February 2007 that lasted for three days. The strike was to gain a recognition agreement and improve wages and benefits. All the workers at Shoprite participated. The union reported that the company was tolerable of the strike and worked with the union to find a solution. The union felt that the outcome was favourable.

In Zambia there were strikes in 2003 and in 2005. The strike in 2003 lasted two days and was for higher wages. Only workers in Lusaka participated in the strike but the major outcome was that it forced the company to negotiate with the union. In 2005 the strike revolved around wages and conditions of employment and involved workers in and beyond Lusaka. A settlement to the strike was reached in the Conciliation Board after the company initially threatened workers with dismissal and then resisted meeting the demands of workers.

In Zimbabwe there was a strike at Shoprite in January 2007 that went on for five days. The strike was called to improve wages and benefits and involved sixty workers. The company threatened dismissal with letters issued before the union meeting with the workers, but this did not deter them. The union felt that the outcome was a compromise that improved wages and benefits.

Note: How can unions in different countries offer support to unions involved in strikes? How can they also learn from the strike experiences in different countries, especially regarding how to deal with management threats of dismissal? What role will the alliance play?

Current Strategies to Organise

The questions posed to unions about their current strategies with regard to Shoprite were:

- List the most important challenges that the union has identified at Shoprite.
- Briefly state what the union is doing presently to meet these key challenges.
- Do you have any recommendations for organising workers in Shoprite?

Three points stand out from all the union responses. The first challenge is to increase membership. This is understandable given the low level of organisation in most countries, especially among casual workers. The second is to improve collective bargaining with Shoprite including obtaining recognitions agreements. This stems from the company not having a positive attitude towards unions, as well as the fact that Shoprite is relatively new in many countries and unions do not have long relations with the company. The third is shop steward training. This is related to the two previous issues because trained shop stewards help with recruitment and they can be key players in negotiations. It is a difficult issue for the unions because training requires resources and time. Scarce resources and time make training a difficulty for the unions.

Unions stated that they embarked on elaborate recruitment campaigns, held organising meetings with workers and provided workers with information. Some are trying to get the support of the company for training and some are trying to get assistance from government regarding improving collective bargaining. (See Appendix 11 for the specific challenges of each country and what the union is doing to meet these challenges).

Note: There is a need for the alliance to address shop steward training.

Membership

Of the seventeen unions, the twelve unions in the table below provided their total membership at Shoprite. The union with the highest Shoprite members is SACCAWU from South Africa with a total of thirty-six thousand members at Shoprite. The union in Zimbabwe reported 12 members. This should be seen in the context of the number of stores and the number of workers employed in the different countries. Zimbabwe only has one store while South Africa has 286 operations of Shoprite. The updated information from Uganda indicates that it is 100 percent organised although this is not fully paid up.

Although South Africa has the highest number of members at Shoprite it is just slightly over 54 percent organised with 75 percent of the full time employees being organised and 42 percent of the non-full-time employees being organised. The unions in Tanzania and Swaziland also appear to have organised a large percentage of workers – 87.3 percent and 71.4 percent respectively.

Table 17: Levels of Organisation at Shoprite in Africa

		Number of Workers at Shoprite			Number of Shoprite workers belonging to union			Percentage of Shoprite workers belonging to union			Shoprite Members
Country	Union	Men	Women	Total	Men	Women	Total	Men	Women	Total	
South Africa	SACCAWU			66,000			36000			54.5	36,000
Zambia	NUCIW						825				825
Uganda	UBTAWU	309	191	500	309	191	500	100.0	100.0	100.0	500
Tanzania	TUICO			502	207	231	438			87.3	438
Swaziland	CAWUSWA			503			359			71.4	359
Namibia	NAFAU				161	175	336				336
Malawi	CIAWU						321				321
Mozambique	SINECOSSE	302	138	440	129	70	199	42.7	50.7	45.2	199
Swaziland	SCAWU			404			141			34.9	141
Lesotho	NURAW				27	26	53				53
Madagascar	FI SE MA	213	170	383	13	15	28	6.1	8.8	7.3	28
Zimbabwe	CWUZ				7	5	12				12

Number of Shoprite Operations in Various Countries (source: Shoprite Annual Report 2006, p6.)

Table 18: Shoprite Operations in African Countries

	Shoprite	Checkers	Checkers Hyper	Usave	OK Furniture	Power Express	House & Home	Hungry Lion	OK Foods	OK Grocer	OK MiniMark	[illegible]	Megasave
South Africa	286	106	24	68	139	12	26	55	19	42	29	76	44
Angola	1			7									
Botswana	3	1			5			4	2				1
Ghana				2									
India	1												
Lesotho	3			1	3	1		2					
Madagascar	7												
Malawi	2			4				2					
Mauritius	1												
Mozambique	4				1			1					
Namibia	11	3		8	9		1	2	3	9	2	16	8
Nigeria	1												
Swaziland	2			2	1			1		1			1
Tanzania	5												
Uganda	2												
Zambia	18							7					
Zimbabwe	1												
TOTAL	348	110	24	92	158	13	27	74	24	52	31	92	54

Management Style

The following table was provided in the questionnaire to assess the unions' perception of management:

Table 19: Questions which explore Shoprite Management Style

1	Management involves shop stewards in decision making	Decisions are made unilaterally by management
2	Workers are consulted about operational changes by management	Workers are only instructed to carry out changes by management
3	Supervision is constructive	Supervision is oppressive
4	Workers are appreciated as contributors to Shoprite	Workers are seen as a cost to Shoprite
5	Workers are treated with respect	Workers are treated in a disrespectful manner
6	Management is not racist	Management is racist
7	Management is not sexist	Management is sexist

The union responses (see Appendix 10) indicated unambiguously that Shoprite does not have a consultative culture. The unions indicted that workers and worker leaders are not consulted on operational decisions and that when there are operational changes only two of the seventeen unions (the unions in Tanzania and Uganda) said that workers are consulted. Twelve unions felt that supervision was oppressive rather than constructive and only one union felt that management views workers as “contributors” rather than a mere “cost” to the company. Furthermore, regarding the managers’ treatment of workers, twelve unions felt that workers were treated in a disrespectful manner. Three of the unions felt that management was racist (unions in Botswana, Mozambique and South Africa) and four unions felt that management was sexist (unions in Botswana, Malawi, South Africa and Swaziland).

Note: What can unions and workers do to impact on the management culture at Shoprite? Are there international experiences to learn from that UNI can assist with?

Solidarity

The questions posed to unions regarding continental solidarity were:
- Are they prepared to work with unions organising in Shoprite in other countries?
- What should the focus of this work be?
- How will this benefit your union?
- What recommendations do they have for building solidarity between workers in Shoprite on the continent?

Every union strongly supported the need to work with unions organising in Shoprite throughout Africa. Their responses to the question on the focus of union collaboration centred on the four key areas listed below.

Table 20: Collaboration and Solidarity

Organising	New strategies to recruit and incorporate workers in the union, especially casual workers, are needed.
Collective bargaining	There should be cooperation between the countries in negotiations on wages, overtime, working conditions, health and safety especially HIV/AIDS. There should also be an attempt to develop common standards and recognition agreements as part of a process towards a framework agreement.
Training	Training of shop stewards is a high priority as these are the worker leaders on the ground.
Information Sharing	Information specifically on conditions of workers at Shoprite, on materials developed by unions and on union strategies should be shared.

The unions felt that through sharing of experience and improvements in collective bargaining they will be able to improve services to workers and gain more respect among the employees of Shoprite. This would impact favourably on union membership growth.

They also felt that a continental alliance backed up with concrete forms of solidarity would increase their bargaining power.

They felt that this alliance between unions organising in Shoprite should embark on the following:
- Work towards a company council.
- Establish joint shop steward training workshops.
- Establish a reliable network for exchanging information on conditions of workers in different countries and on union strategies.
- Produce a newsletter.
- Develop joint educational material.

KEY ISSUES AND RECOMMENDATIONS

This section highlights issues that were raised both in the questionnaire and in the workshops and makes recommendations on how these issues can be taken up. The recommendations focus on what can be done given the basis already established through the research and the workshops, and can be acted upon by the participating unions and the established committee of the alliance.

The first issue is one that was quite controversial and needed discussion to reach a consensus in the workshop. This was the issue of who was to be represented at the alliance meeting – Shoprite shop stewards or union officials? The decision was that it should be shop stewards. The decision was made on the basis that the alliance should be worker-led to ensure it is based on concrete demands of workers at Shoprite. Concerns were raised that shop stewards are not permanent and that this may result in breakdown of communications between the unions. However, it was resolved that these shop stewards should be union based, report to the union and where unions are able to finance an official to attend alliance meetings, this will be welcomed.

This discussion brought to the fore different traditions of unions in various countries and especially the role workers play in the union. That it was resolved in favour of shop-floor representation is a unique outcome for trade union collaboration on the continent. While previous engagements on this shop-floor level have been once off, here long term collaboration is directed by shop stewards and even coordinated by a committee of shop stewards from different countries.

This dynamic outcome requires some attention to the challenges that come along with it. Shop stewards are employed for long hours and have less time to coordinate. They also lack access to computers for regular email communication. Then there is a high possibility that they are sometimes less informed about the broader socioeconomic and political environment outside the company they work at. These are challenges of worker empowerment in the union that can only strengthen the union if addressed.

A network of people with contact details now exists. However, forms of communication and regularity of communication should be planned – text messages to mobile phones, email accounts set up and used and union resources to assist with coordination functions of the committee and alliance should be made available.

A second issue raised in the October workshop was about how to access company resources for organising, for example, getting the company to agree to full-time shop stewards in various countries, to framework agreements and the establishment of a company council. Full-time shop stewards are currently only operational in South Africa. A presentation and discussion on this revealed that it is as important to take up wages and conditions of workers as it is to get the company to commit itself to social dialogue and ensure that workers are able to organise and represent their interests. For the company to pay an elected full-time shop steward would go a long way in showing this commitment and ensure that workers are represented by "one of their own". For the company to agree to a company council across borders would also indicate this preparedness to consult and work with those it employs while giving workers the space to formulate unifying policies and practices they would like to see the company adopt.

Talks should begin with the company on full-time shop stewards in other countries and on a company council sooner rather than later. Unions should place this on the agendas of meetings with the company.

A third issue is on collective bargaining support. Whether big or small with a long or short history of organising at Shoprite, every union raised this as essential. There are a number of activities that need planning for: training, exchanges, information, and solidarity action.

Plans need to be drawn up by the next meeting of the coordinating committee of the alliance and circulated. It will be useful if the committee could be assisted with this to ensure that it is realistic and realisable.

A fourth issue is that many unions organising at Shoprite are not UNI affiliates. (See Appendix 13.) They do not have positions on affiliation and need to be encouraged. This will help unions in the same country to work together as well as build international links. Unions noted in questionnaires that collaboration with other unions in their country was weak or non-existent. (See Appendix 12). Through affiliation and active participation of affiliates UNI will be in stronger position to build international solidarity.

UNI to send relevant information to all the unions not yet affiliated about UNI, affiliation criteria and process for application. This should be monitored on a quarterly basis.

A fifth issue is the development of a resource base for the alliance. This can be done by the unions in collaboration with the various labour support organisations.

The alliance committee should collect bargaining agreements with Shoprite of all the unions. These can be shared and analysed so as to develop common conditions and standards of employment.
UNI should write to various organisations and institutions that can assist with the following:

- Shoprite information – annual reports and newspaper articles and other Shoprite research.
- Creating a resource pack on framework agreements and developing campaigns on MNCs.

CONCLUSION

This report was written to provide the Shoprite shop steward alliance with information on the unions in Africa organising at Shoprite. It is a first step and its purpose has been accomplished in so far as it provides a general overview of the unions concerned, their preparedness to work together, the main demands of workers, their perceptions about the company and their expectations of the establishment of an alliance between the unions.

Having established a coordinating committee of the shop steward alliance at the workshop held in October, the next step is for the committee to develop a plan of action based on the key issues that emerged and that are also highlighted in this report.

To ensure that the alliance can engage Shoprite on a strategic level it is important for the unions to have a more detailed overview of the company itself – what some in the labour movement call strategic research - because it helps to build a united strategy among the unions. The research should provide the shop steward alliance with an analysis of ownership and control, the form of corporate governance, the company finances, its specific operations and specific geographical spread, its suppliers and consumers and how the company is located within the retail sector. It is important that the unions have this analysis to ground the alliance in preparation for changing the company in a manner that incorporates workers' voices and is to their direct benefit. With this analysis the unions will also be more confident to form broader alliances with civil society to put further pressure on the company to conform to the international campaign for decent work for decent life.

APPENDIX 4: Questionnaire

Background

A workshop was organised on the 30-31 March 2007 by the Fredrich Ebert Stiftung (FES) with United Network International (UNI) Africa on trade union responses to multinationals. In addition to FES and UNI Africa affiliates, a number of African labour-based NGOs were present. The workshop reviewed work done on multinationals by the various organisations present and came up with a plan to conduct a small research project on the unions organising at Shoprite in various African countries. The motivation for the research was to provide practical and useful information to the Shoprite Alliance, which was formed by UNI in 2006, so that the alliance can discuss how to develop a programme for engaging Shoprite on the continent.

FES asked the Labour Research Service (LRS) to develop a questionnaire for this initial research, and for the various organisations present to comment and add before it was administered.

Below is the research process that was agreed to and the questionnaire itself.

Process

This questionnaire was drafted by Saliem Patel from the LRS. However, it will be administered and completed by FES offices and the UNI affiliate organising at Shoprite in various African countries.

Gerd Botterweck will distribute the questionnaire to various FES offices in Africa together with an overview of the project.

The FES will appoint a staff member in each country to work on this questionnaire with the UNI affiliate.

The FES staff member will contact the General Secretary of the UNI affiliate in the country to clarify purpose of the project and to ask for a trade union official/member with whom to liaise and who would facilitate the completion of the questionnaire with a shop steward at Shoprite.

The FES representative and the union appointed person will first go through the questionnaire to clarify the questions and the data required.

The trade union appointee will complete the questionnaire and gather the required information with a Shoprite shop steward and submit it to FES office in the country.

FES staff will check and then clarify responses, data and attached documentation with the appointed union person if necessary.

FES staff will then send the completed questionnaire and accompanying documentation to Gerd Botterweck (Resident Director, FES, Zambia Office)

Saliem Patel (LRS) will analyse the questionnaires, collate the information and provide a synthesis report to FES and UNI for comments.

The report should be ready by the 5 August to inform the Shoprite Alliance meeting in that month.

Suggested Countries that this project will cover:

South Africa is the home country of Shoprite and where most of its operations are.

Countries with over four Shoprite stores:

Zambia (18), **Namibia** (11), **Madagascar** (7), **Tanzania** (5), **Mozambique** (4)
(In Zambia Shoprite has, in addition to the shops, fast food outlets trading as Hungry Lion.)

Botswana (3), **Lesotho** (3), **Swaziland** (2) and **Angola** (1) have fewer Shoprite stores but have quite a few other operations that fall under the Shoprite group so should be included as well.

Ghana has 2 Usave outlets, **Nigeria** has 1 Shoprite store and **Uganda** has 2 Shoprite stores. It would be useful to do these countries as these are potential growth points for Shoprite.

Total of 13 countries (including South Africa)

Contact Details:

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41 Salt River Road,
Salt River,
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South Africa

Tel: +27214471677
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Mobile: +27825385047

Shoprite in different African countries?

COUNTRY:

Name of FES Staff Member working on this project:

Address:

Telephone:
Work:
Mobile:

Name of Trade Unionist working on this project:

Name of Trade Union

Address:

Telephone:
Work:
Mobile:

Which unions organise in the Shoprite Group in your country?

Name of Union/s involved in bargaining	UNI Member (Y/N)	Contact Details
		General Secretary: Address: Telephone:
		General Secretary: Address: Telephone:
		General Secretary: Address: Telephone:

If there is more than one union organising in the Shoprite Group, are all recognised by the Shoprite management?
(Please provide copies of recognition agreements if available.)

Unions with a recognition agreement	Unions with no recognition from Shoprite

If there is more than one union, which ones participate in collective bargaining?

Unions That Take Part In Collective Bargaining	Unions That Do Not Take Part In Collective Bargaining

(Please provide latest collective bargaining agreements.)

If there is more than one union organising in the Shoprite Group do the unions

YES	NO

Which unions organise in the Shoprite Group in your country?

Name of Union/s involved in bargaining	UNI Member (Y/N)	Contact Details
		General Secretary: Address: Telephone:
		General Secretary: Address: Telephone:
		General Secretary: Address: Telephone:

If there is more than one union organising in the Shoprite Group, are all recognised by the Shoprite management?
(Please provide copies of recognition agreements if available.)

Unions with a recognition agreement	Unions with no recognition from Shoprite

If there is more than one union, which ones participate in collective bargaining?

Unions That Take Part In Collective Bargaining	Unions That Do Not Take Part In Collective Bargaining

(Please provide latest collective bargaining agreements.)

If there is more than one union organising in the Shoprite Group do the unions cooperate?

YES	NO

If yes, how do you describe the level of cooperation?

No Cooperation	Weak	Effective

If yes, which unions cooperate with each other during collective bargaining with Shoprite?

On what other issues do unions cooperate? (Provide examples.)

Does the company allow union representatives to meet with workers and shop stewards on the company premises?
(If no, give examples where union representatives were refused the opportunity to meet.)

Does the company restrict entry to certain sections of the business premises to union representatives?
(If yes give examples where union representatives are denied entry.)

What operations of the Shoprite Group does the union organise in (eg. Shoprite, Checkers, Usave, Hungry Lion, Furniture City, OK Furniture, OK Food, House and Home, Megasave, etc.)

What are the main grievances of workers at Shoprite identified by the workers and union?

(Wages, working hours, fear of retrenchment, short-term employment contracts, casualisation, organisational rights, health and safety issues, management style, etc.)

Please give a maximum of three in order of the most important.

1.

2.

3.

Do casual and temporary workers have different grievances from full-time workers?
(Give examples of specific grievance of casual and temporary workers.)

Do workers experience any discrimination from Shoprite when joining the trade union?
(If yes, give examples.)

Do workers experience any intimidation from Shoprite when joining the trade union? (If yes, give examples.)

What is the minimum wage for a full-time worker at Shoprite?
(Please state if this is weekly or monthly.)

How does this compare with other retail stores in the country?

Worse	Same	Better	Much Better

What is the minimum hourly wage rate of a casual worker at Shoprite?

How does this compare with other retail stores in the country?

Worse	Same	Better	Much Better

On average, how many hours a week do full time workers work at Shoprite?

On average, how many hours a week do casual workers work Shoprite?

How do you compare the working hours at Shoprite with other retail stores in the country?

Fewer hours	Same	More hours	Much more hours

Do workers receive any training through Shoprite? (If yes, please describe the nature and duration of training.)

Is training

Inadequate	Adequate	Good

How do you compare the working conditions in Shoprite with what is stipulated by law (acts governing labour relations)?

Worse	Same	Better	Much Better

What is your opinion of the management style at Shoprite? (Tick the box in either the right or left column - if not sure than don't tick.)

1	Involves Shop Stewards in decision making	Decisions are made unilaterally by management
2	Workers are consulted about operational changes by management	Workers are only instructed to carry out changes by management
3	Supervision is constructive	Supervision is oppressive
4	Workers are appreciated as contributors to the Shoprite	Workers are seen as a cost to the Shoprite
5	Workers are treated with respect	Workers a treated in a disrespectful manner
6	Management is not racist	Management is racist
7	Management is not sexist	Management is sexist

Have there been strikes by workers at Shoprite in the past three years? (If yes, provide the dates and duration.)

Date and Duration Strike	What Was The Major Issue/s	Number of workers involved	How was it resolved? (e.g. did workers succeed, fail, or did they reach a compromise?

Were there any other forms of activities, protests or industrial actions by workers at Shoprite (e.g., pickets, go-slows, stayaways, media highlighting workers' issues, etc)? Provide details of this and state what the issue that sparked it was and also how successful it was.)

What was the reaction of Shoprite management to the strike or other forms of actions? (e.g. did they threaten workers with dismissal, did they respect the right of workers to strike, did they victimise strikers, did they try to divide the workers – please give examples.)

Did government ever intervene in a dispute between unions/workers and Shoprite?

Was government's intervention positive or negative for the union/workers? (Explain what the issue was and how government intervened.)

List the most important challenges that the union has identified at Shoprite? (e.g. Increasing the number of members; gaining recognition agreement from the company; improving collective bargaining with the company, training shop stewards, etc.)

Briefly state what the union is doing presently to meet these key challenges

Has your union heard of the UNI Africa Shoprite Alliance?

Would your union be prepared to work with unions in other African countries that organise at Shoprite?

If yes, what do you think the main focus issues should be?

What do you think will be the benefits for your union?

Do you have any recommendation for organising workers in Shoprite?

Do you have any recommendations about how to build solidarity between workers in Shoprite in different African countries?

If the union would like to participate in the UNI Africa Shoprite Alliance, provide details of the person in the union that would be the contact person:

Name:		
Position in Union		
Position in Shoprite		
Telephone contact numbers: (+ country code, area code, number)		
Work:	Home:	Mobile:
Email:		

APPENDIX 5: Unions Present at the October 2007 Workshop

Country	Abbr.	First Name	Surname	Postion in Union	Position in Shoprite
Botswana	BWFRWU	Ignatius	MOKHUCHEDI	Chairperson	
Botswana	BWFRWU	Linda O.	SEGWAI	Shops Steward and Cahir of Shop Steward Committee	Creditors Clerk
Ghana	UNICOF	Edward Lincoln	ADDO	Head of Industrial Relations	
Ghana	UNICOF	Samuel	GYAMFI	Interim Cahirman of Shoprite Shopsteward	Scanning Controller
Lesotho	NURAW	Ntsoaki	MABITLE	Shop Steward	Non Food Controller
Lesotho	NURAW	Mathabang	NKETISE	Branch Secretary, Gender Coordinator, National HIV/AIDS Coordinator	
Madagascar	FI SE MA	Jose Bertin	RANDRIANASOLO	General Secretary	
Madagascar	FI SE MA	Christian Rivo	RAVELOSON	Member	Meat Market Controller
Malawi	CIAWU	Mary	Dzinyemba	General Secretary	
Malawi	CIAWU	Maria	KANYENDA	Vice Secretary	Computer Operator
Mauritius	CAFTEU	Greetanand	BEELATOO	General Secretary	
Mozambique	SINECOSSE	Luis	DA COSTA PEREIRA	Legal Advisor and Negotiator	
Mozambique	SINECOSSE	Nocitina Castro	ZANDAMELA	Member of Shoprite Committee	Merchandise Contoller
South Africa	SACCAWU	Cynthia	JOYCE	Provincial Chairperson/NNT member/ Cosatu Provincial Treasurer	Planning Clerk (DC)
South Africa	SACCAWU	Stephinah Refiloe	LEKALAKALA	Regional Treasurer/National Negotiating Team Member/CEC	Front-End Controller
South Africa	SACCAWU	Lisema	LEKHOOENA	International Relations Officer	
South Africa	SACCAWU	Lebogang	MASAKALE	Local Secretary/REC member/NNT member	Shelf Packer
South Africa	SACCAWU	Phineas	MOKATI	Local Chairperson/REC member/ Deputy National Chairperson	Grocery Controller
South Africa	SACCAWU	Solomon	RAUTSIANE	Regional Chairperson/ NNT member/ Deputy National Secretary	Receiving Clerk
South Africa	SACCAWU	Mike	TAU	National Chairperson/ REC/CEC/NEDCOM)	Admin Clerk
Tanzania	TUICO	Peles	JONATHAN	Assistant General Secretary	
Tanzania	TUICO	Asha	MATAULLA	Shopsteward and Chair of TUICO branch at Shoprite	Receiving Clerk
Uganda	UBTAWU	Samuel	BUHIGIRO	Organising and Education Secretary	
Zambia	NUCIAW	Simakando	LIMBANGU	Deputy Secretary of Finance	
Zambia	NUCIAW	Esau	MUGWAGWA	Shopsteward	Scanning Controller

Abbreviations

BWFRWU	Botswana Wholesale, Furniture and Retail Workers Union
UNICOF	Union of Industry, Commerce and Finance Workers
NURAW	National Union of Retail and Allied Workers
FI SE MA	Confederation Generale Des Syndicats Des Travailleurs De Madagascar (Workers General Trade Union Federation of Madagascar)
CIAWU	Commercial, Industrial and Allied Workers Union
CAFTEU	Clerical, Administrative, Financial, Technical and Allied Workers Union
SINECOSSE	Sindicato Nacional Dos Empregados De Comercio Seguros E Servicos (National Commercial, Insurance and Service Workers Union)
SACCAWU	South African Commercial, Catering and Allied Workers Union
TUICO	Tanzania Union of Industrial and Commercial Workers
UBTAWU	Uganda Beverage, Tobacco and Allied Workers Union
NUCIAW	National Union of Commercial and Industrial Workers Union

APPENDIX 6: Trade Union Rights and Collective Bargaining

Country	Union	Recognition Agreement	Bargains with Company	Company Resists Unionisation	Company Allows Distribution of Information	Allows Union To Meet Workers On Premises	Discrimination Against or Intimidation of Union Members
Botswana	BCGWU	YES	NO	NO	YES	YES	NO
Botswana	BWFRWU	YES	YES	NO	YES	YES	NO
Ghana	UNICOF	YES	YES	NO	YES	YES	NO
Lesotho	NURAW	NO	NO	NO	YES	YES	
Madagascar	FI SE MA	NOT NEEDED	YES	NO	YES	YES	NO
Malawi	CIAWU	NO	NO	YES	YES	YES	YES
Mauritius	CAFTEU	NO	YES	YES	NO	YES	NO
Mozambique	SINECOSSE	NO	YES	NO	NO	YES	YES
Namibia	NAFAU	YES	YES	YES	YES	YES	NO
Nigeria	NUSDE	NO	NO	YES	NO	NO	YES
South Africa	SACCAWU	YES	YES	NO	YES	YES	NO
Swaziland	CAWUSWA	NO	NO	YES	NO	NO	YES
Swaziland	SCAWU	NO	YES	NO	YES	YES	NO
Tanzania	TUICO	YES	YES	NO	YES	YES	NO
Uganda	UBTAWU	NO	YES	YES	NO	NO	YES
Zambia	NUCIW	YES	YES	YES	NO	YES	NO
Zimbabwe	CWUZ	NO	YES	NO	YES	YES	NO

APPENDIX 7: Union Prioritisation of Workers Demands

Country	Union	First Priority	Second Priority	Third Priority
Botswana	BCGWU	Flexi time	Casualisation	No Employee Benefits
Botswana	BWFRWU	Wages	Short Term Employment	Health & Safety
Ghana	UNICOF	Wages	Fear of Retrenchment	Working Hours
Lesotho	NURAW	Wages	Casualisation	Health & Safety
Madagascar	FI SE MA	Refreshment must be restored	Transportation should be provided	
Malawi	CIAWU	Wages	Working Hours	Casualisation
Mauritius	CAFTEU	Short Term Employment	Working Hours	Contracts
Mozambique	SINECOSSE	Wages	Working Hours	Health & Safety
Namibia	NAFAU	Casualisation	Organisational Rights	Management Style
Nigeria	NUSDE	Wages	Working Hours	Organsiational Rights
South Africa	SACCAWU	Wages	Working Hours	Casualisation
Swaziland	CAWUSWA	Casualisation	Wages	Management Style
Swaziland	SCAWU	Ill Treatment	Non Payment of Overtime	Non Implementation of Minimum Wage in CB Agreement
Tanzania	TUICO	Wages	Working Hours	Management Style
Uganda	UBTAWU	Organisational Rights	Short Term Employment	
Zambia	NUCIW	Wages	Working Hours	Management Style
Zimbabwe	CWUZ	Wages and Benefits	Health & Safety	Short Term Employment

APPENDIX 8: Trade Union Comparison of Shoprite Wages, Working Hours, Training and Working Conditions

Country	Union	Compare Wages with Other Retail Stores	Compare Working Hours with Other Retail Stores	Quality of Training	Compare Working Conditions with Labour Law
Botswana	BCGWU	Same	Same		Same
Botswana	BWFRWU	Worse	Same	Good	Better
Ghana	UNICOF	Better	Fewer	Good	Better
Lesotho	NURAW	Worse	Same		Worse
Madagascar	FI SE MA		Same	Adequate	Same
Malawi	CIAWU	Better	More	Inadequate	Same
Mauritius	CAFTEU	Same	Same		Same
Mozambique	SINECOSSE	Worse	More	Inadequate	Worse
Namibia	NAFAU	Worse	Fewer		Worse
Nigeria	NUSDE				
South Africa	SACCAWU	Worse	Fewer	Inadequate	Worse
Swaziland	CAWUSWA	Better (FT) Worse (Cas)	Fewer	Inadequate	Worse
Swaziland	SCAWU	Worse (FT) Better (Cas)	More	Inadequate	Better
Tanzania	TUICO	Same	Same	Inadequate	Worse
Uganda	UBTAWU		More	Adequate	Worse
Zambia	NUCIW	Better (FT) Same (Cas)	Same	Inadequate	Better
Zimbabwe	CWUZ	Worse	Same	Inadequate	Same

APPENDIX 9: Industrial Action and Company Responses

Country	Union	Duration of Strike	Major Issue	Number of Workers	Resolution
Botswana	BCGWU				
Botswana	BWFRWU				
Ghana	UNICOF				
Lesotho	NURAW				
Madagascar	FI SE MA				
Malawi	CIAWU	29 Oct - 8 Nov 2004 (10 days)	Salaries and conditions of service	280	reached a compromised on the issues
Mauritius	CAFTEU				
Mozambique	SINECOSSE	2005 (3 days)	Wages, Working Hours and Health & Safety	All (except management)	Compromise
Namibia	NAFAU				
Nigeria	NUSDE				
South Africa	SACCAWU	2003 & 2006	2003 - Better Conditions for Casuals. 2006 - Wages and Conditions of Employment	2003 - 30000 2006 - 35000	success and compromise
Swaziland	CAWUSWA				
Swaziland	SCAWU				
Tanzania	TUICO	2007 (February 3 days)	Recognition, Wages, Benefits	All workers	Settlement was favourable - on all three.
Uganda	UBTAWU				
Zambia	NUCIW	2003 (1.5 days); 2005 (2 days)	2003 Wages; 2005 Wages and Conditions of Employment	2003 - All unionised workers in Lusaka; 2005 - All unionised workers in urban areas	2003 - Negotiations were entered into as a result of strike; 2005 - Settlement happened under the Conciliation Board
Zimbabwe	CWUZ	8 - 12 Jan 2007 (5 days)	Salary and Benefits	60	reached a compromised on the issues

Country	Union	Company Responses to Strikes	Government Responses to Strikes	Responses to Other forms of Protest
Botswana	BCGWU			
Botswana	BWFRWU			Management Threatened to dismiss workers when they complained
Ghana	UNICOF			
Lesotho	NURAW			
Madagascar	FI SE MA			
Malawi	CIAWU	Threatened Dismassal	Government intervened on the side of union and dismissals were withdrawn	
Mauritius	CAFTEU			Go-slow - management tried to divide workers. Government intervened to resolve matter for workers
Mozambique	SINECOSSE	Threatened Dismissal	Intervened but did not get management to sign agreement	
Namibia	NAFAU			Union raised issue of casualisation and government intervened positively to get company to address issue.
Nigeria	NUSDE			
South Africa	SACCAWU	Dismissals, Threat to close stores, Police and Private Security to intimidate strikers	No Involment except for police providing security at the stores	
Swaziland	CAWUSWA			Picketing (transport and paid maternity leave) - Management responded negatively
Swaziland	SCAWU			Government positive response to a grievance
Tanzania	TUICO	Cooperation	No intervention	
Uganda	UBTAWU			
Zambia	NUCIW	Threatened Dismissal	Government intervened in mediation	During wage negotiations stay aways and had a media campaign
Zimbabwe	CWUZ	Threatened suspension (letters prepared before meeting with union reps)	No intervention	

APPENDIX 10: Trade Union Perceptions of Management

Country	Union	Shopstewards Involved in Operational Decisions	Workers Consulted about Operational Changes	Supervision (Constructive or Oppressive)	Management's View of Workers (Contibutors or Cost)	Management's Treatment of Workers (Respect or Disrespect)	Racist	Sexist
Botswana	BCGWU	NO	NO	Oppressive	COST	Disrespect	YES	YES
Botswana	BWFRWU	NO	NO	Oppressive	COST	Disrespect	NO	NO
Ghana	UNICOF	NO	NO	Constructive	COST	Respect		
Lesotho	NURAW	NO	NO	Oppressive	COST	Disrespect	NO	NO
Madagascar	FI SE MA	NO	NO	Constructive	CONTRIBUTORS	Respect	NO	NO
Malawi	CIAWU	NO	NO	Oppressive	COST	Disrespect	NO	YES
Mauritius	CAFTEU							
Mozambique	SINECOSSE	NO	NO	Oppressive	COST	Disrespect	YES	NO
Namibia	NAFAU	NO	NO	Oppressive	COST	Disrespect	NO	NO
Nigeria	NUSDE							
South Africa	SACCAWU	NO	NO	Oppressive	COST	Disrespect	YES	YES
Swaziland	CAWUSWA	NO	NO	Oppressive	COST	Disrespect	NO	NO
Swaziland	SCAWU	NO	NO	Oppressive	COST	Disrespect	NO	YES
Tanzania	TUICO	NO	YES	Oppressive	COST	Disrespect	NO	NO
Uganda	UBTAWU		YES	Constructive		Respect	NO	NO
Zambia	NUCIW	NO	NO	Oppressive	COST	Disrespect	NO	NO
Zimbabwe	CWUZ	NO	NO	Constructive	COST	Disrespect	NO	NO

APPENDIX 11: Trade Union Identified Challenges at Shoprite and focus for continental Solidarity

Country	Union	Major Challenge	What is Union Doing	Prepared to work with other African unions in Shoprite	What should be the focus	How will it benefit your Union	Recommendations to build continental solidarity between workers in shoprite
Botswana	BCGWU			YES	(1) Organising (2) Collective Bargaining	(1) Union becomes viable	(1) Networking
Botswana	BWFRWU	(1) Improve bargaining with Company	(1) Talking to management and staf to improve relationship	YES	(1) Improve Collective Bargaining (2) Leadership Training	(1) Information (2) Networking	(1) Need UNI assistance
Ghana	UNICOF	(1) Gaining recognition agreement (2) Imrpoving collective Bargaining (3) Training shop stewards	(1) Organised meetings with workers to build leadership	YES	(1) Improving welfare of members	(1) Build union's image	(1) Cross border exchanges to shre experiences
Lesotho	NURAW	(1) Increase Membership	(1) Campaign to Recruit at Shoprite	YES	(1) Wages (2) Hours of Work (3) Casualisation	(1) Increase membership	(1) Exchange programmes for shopstewards (2) UNI affiliates support (3) Centralised Bargaining
Madagascar	FI SE MA	(1) Increase Membership	(1) Providing Information to Workers	YES	(1) Netwroking to share experiences (2) Building Solidarity	(1) Stregnthen involvement in company (2) Gain Expereince of howto deal with Problems	(1) Communication and Networking
Malawi	CIAWU	(1) Casualisation		YES	(1) Casualisation (2) Hours of Work (3) Imporve management style	(1) More protection for workers (2)Network will increase stregnth in collective bargaining (3) Union capacity building	
Mauritius	CAFTEU	Everything	Started recruiting members and provision of training	YES	(1) Help with organising in MNCs like Jumbo (2) Training and assistance from NGOs	(1) Gain respect for the union	
Mozambique	SINECOSSE	(1) Increase Membership (2) Improve negotiation methods (3) training of Shop Stewards	(1) Recruitment	YES	(1) Training for Negotiations (2) Joint Activities on HIV/AIDS and Labour Legislation (3) Country Exchanges to share experience	(1) Increase membership (2) Improve union position in negotiations (3) improve conditions of memebers	(1) Information (2) Training (3) Communications
Namibia	NAFAU	(1) Increase membership (2) Improve collective bargaining (3) shop steward training	Attempting to get support from company for training and to allow for recruitment	YES	(1) Strategy to mobilise workers (2) Training (3) Information and communication network	(1) Service workers better	(1) Training (2) workshops that focus on solidarity
Nigeria	NUSDE	(1) Recognition Agreement	(1) Consulting relevant stakeholders	YES	(1) Networking (2) Organising Strategies to ensure unionisation	(1) Increase Revenue (2) Provide better serive to workers, (3) Increase membership	(1) Education targeted at workers (2) Company Summit (3) Networking
South Africa	SACCAWU	(1) Increase Membership (2) new recognition agreement	(1) Recruitment Drive (2) engage company on all issues of members	YES	(1) Build Regional Shop Steward Structures (2) Exchange and Share Information (3) Education and Training (4) Global Framework Agreement	Able to effectively challenge the mindset of management	(1) Joint Programmes (2) Establish Company council
Swaziland	CAWUSWA	(1) Gain Recognition Agreement (2) Casualisation (3) Discrimination	(1) Taking up issues with Department of Labour, CMAC, High Court	YES	(1) Casualisation	(1) Gaining international support	(1) Workshops for shopstewards to share experience and strategise

Country	Union	Major Challenge	What is Union Doing	Prepared to work with other African unions in Shoprite	What should be the focus	How will it benefit your Union	Recommendations to build continental solidarity between workers in shoprite
Swaziland	SCAWU	(1) Training Shop Stewards (2) Increase Membership (3) Imrpove Collective Bargaining	(1) Recruitment Campaigns	YES	(1) Organising (2) Collective Bargaining	(1) Gain Respect from Shoprite (2) Enhance Potential	(1) Networking for cooperation (2) Exchange Information and Agreements
Tanzania	TUICO	(1) Increase membership (2) Shop steward training (3) improve collective agreement (4) trade union education	(1) Preparation on improving collective agreement (2) funding proposal for training and education submitted (3) coninuous organising	YES	(1) Exchange programmes (2) Training and Education (3) collective agreement (4) information exchange	(1) Improve service delivery (2) international solidarity (3) more informed on global issues	(1) exchange programmes (2) information sharing
Uganda	UBTAWU	(1) Gaining recognition agreement	(1) Identifying contact persons (2) organising workers (3) education of workers on their rights	YES	(1) Monitor relation between shoprite and unions in various countries (2) establish common operational standards (3) build coalition for lobbying (4) organising unorganised workers	(1) Secure recognition agreement (2) gain from organisisng experience of others (3) being part of larger network	(1) Information for members by unions in different countries
Zambia	NUCIW	(1) Permanent Employment (2) Collective Bargaining (3) Management Practicies	(1) Negotiate conditions of employment of Casuals (2) Changed approach to collective bargaining (3) Promote better industrial relations	YES	(1) Harmonisation of Conditions of Employment (2) Exchange of information, experiences and knowledge through meetings, publications and seminars to build regional network	(1) Improve Collective Bargaining around wages, conditions of employment and management practices	(1) Regional Conferences and Meetings (2) Publication of Regional Newsletter (3) Build Network
Zimbabwe	CWUZ	(1) Increase members (2) Training shop stewards	(1) Mobilising workers to participate in union activities	YES	(1) Working conditions and benefits (2) HIV and AIDS (3) Health and Safety	(1) Recognition (2) Increase and maintain membership	

APPENDIX 12: Trade Union Co-operation Nationally

Country	Union with most members	Union with 2nd highest membership	Union with 3rd highest membership	Do Unions Cooperate in Bargaining	Level of Cooperation
Botswana	BWFRWU	**BCGWU**		NO	Non
Lesotho	**NURAW**	LUCCAWU		NO	Non
Madagascar	FI SE MA	Sekrima		YES	Weak
Namibia	**NAFAU**	NWRWU		NO	
Swaziland	CAWUSWA	**SCAWU**	ACCIWU	NO	Non

APPENDIX 13: Affiliated and Unaffiliated Unions of UNI

Country	UNI Member	Non UNI Member
Angola		
Botswana	BCGWU	BWFRWU
Ghana		UNICOF
Lesotho	NURAW	
Madagascar		FI SE MA
Malawi	CIAWU	
Mauritius	CAFTEU	
Mozambique	SINECOSSE	
Namibia	NAFAU	
Nigeria	NUSDE	
South Africa	SACCAWU	
Swaziland	SCAWU	CAWUSWA
Tanzania	TUICO	
Uganda		UBTAWU
Zambia	NUCIW	
Zimbabwe	CWUZ	

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With the support of UNI and FES

MACROECONOMIC INDICATORS FOR COLLECTIVE BARGAINING

Seeraj Mohamed, Corporate Strategy and Industrial Development Research Programme (CSID), Wits

INTRODUCTION

Negotiation of wages and benefits is shaped by the rules and laws in a society and the power relations between capital and labour. This article will discuss the macroeconomic indicators to be taken into account in negotiations. In South Africa today many economists and policymakers present macroeconomics as a technical subject. They tell us that there is a purely technical link between macroeconomic indicators such as employment, economic growth, and inflation. They do not talk about politics and power in society.

These economists and policymakers pretend that the type of political and economic system of a country and the power relations within a society do not affect macroeconomic outcomes within the society. They also pretend that macroeconomic and other economic policies chosen by a government do not favour some classes above others. This article shows that we cannot understand macroeconomics without understanding politics and struggle. Further, we have to understand the type of rules, policies and power relations within the capitalist system of a country that shapes the relationship between different classes and the struggle over distribution of income. Therefore, it is necessary to take a political economic perspective when thinking about negotiation and macroeconomic indicators.

Today, globalisation and the economic policies of government have increased the power of capital relative to workers. At the same time, the prices of food, petrol and many other basic goods and services are increasing. It is predicted that these prices will continue to increase over the next year or two. Therefore, collective bargaining should aim to increase wages to offset higher prices in the short-term. Negotiations should include demands that strengthen workers relative to capital in the long-term. Negotiations should focus on ensuring that workers have job security and fight against casualisation. This struggle should be complemented with a campaign to influence government's economic policies. The nature of economic growth and the need to reorient economic growth towards industrial restructuring in South Africa should inform these negotiations and struggles.

Macroeconomic indicators explained

This article discusses macroeconomic indicators for bargaining within the context of adoption of neo-liberal economic policies and increased global integration and huge restructuring of business in South Africa. This article refers to the following major macroeconomic indicators:

- Gross domestic product (GDP) and economic growth: GDP is a measure of value added in the production of goods and services produced in a country. GDP is also a measure of the expenditure in an economy. Economic growth is the amount by which the GDP grows from one year to another. For example, the GDP growth rate in 2008 would be calculated by taking the difference between GDP in 2008 and 2007 (GDP 2008 – GDP 2007) and calculating it as a percentage of GDP in 2007.
- Inflation: is the increase in prices of goods and services in an economy. The inflation rate is the percentage by which prices have increased over a certain period. Inflation has become an important variable related to the implementation of monetary policy in South Africa. An important policy choice by government is the adoption of inflation targeting.
- Inflation targeting: the government's target for the inflation rate of three percent to six percent is set by government to guide the South African Reserve Bank's decisions to increase or decrease interest rates. Inflation targeting is a policy aimed at ensuring that government cannot allow its spending to increase too much because it would cause rising inflation. In other words, inflation targeting is a policy that government implements to reassure foreign investors that government will follow the conservative macroeconomic policies advocated by global finance, irrespective of how much money government has to spend on addressing poverty, social welfare spending, education, infrastructure investment and industrial economic development.
- Investment: is a measure of how much money is spent on infrastructure, machinery and equipment by government, state owned enterprises (SOEs) and the private sector. They can also invest in education and skills and research and development to enhance capabilities and technology.
- Government consumption/spending: government consumption measures how much is spent by government on provision of services and paying wages and salaries of their employees. Government spending is shaped by its fiscal policy. Government could use its spending on consumption and investment to stimulate the economy to achieve more private sector investment and to create more jobs. Government's fiscal policy since the adoption of the Growth, Employment and Redistribution (GEAR) model has been to ensure that government spending is less than government revenue, i.e., maintaining a government fiscal surplus.
- Household consumption: is the amount of money spent by private households on things like food, clothing, consumer durables and services. Household consumption can be paid for from savings, income (in the form of wages or salaries) and debt.
- Exchange rate: is the amount of foreign money that can be exchanged for local currency.
- Interest rate: the interest rate is the amount that a lender charges the borrower for borrowing an amount of money. The interest rate is an important tool of macroeconomic policy and is often increased to try to reduce inflation.
- Employment and unemployment: the level of employment is the percentage of the working age population that have jobs. The rate of unemployment is the percentage of people of working age that do not have jobs. Government's official estimate of unemployment, which is currently 23 percent, excludes discouraged work seekers. The broader

definition of unemployment which includes discouraged work seekers is 42 percent. Therefore, the narrow or official definition of unemployment understates the seriousness of the unemployment crisis in South Africa. Further, it does not differentiate between people employed in the formal and informal sector. Informal sector jobs could be short-term and workers could be poorly paid and their skills poorly utilised.

POWER, INCOME DISTRIBUTION, UNEMPLOYMENT AND INFLATION

Inflation is probably one of the most important macroeconomic indicators considered by labour when negotiating with employers. A major aim of the negotiation would be to maintain the current living standards of workers by demanding wage increases that at least offset the effect of inflation on wages. Therefore, inflation is a good example of a macroeconomic indicator to use as an illustration of how macroeconomic variables are affected by institutions and power relations within society. Most mainstream economists talk about inflation as a technical variable that is affected by demand for and supply of goods and services in an economy and the level of money supply. Many mainstream economists do recognise that the level of unemployment in a country affects inflation but generally do not include the level of unemployment in their explanations of inflation.

It is important to understand that the class power relations between capitalists and workers affect the level of wage increases. A more organised labour movement will mean that workers have more power in their bargaining and struggle with capital. When unemployment is high workers usually have lower bargaining power. The power of capitalists relative to workers and other classes affects how high inflation will be in a country.

First, the capitalists' power affects how much they can charge for their goods and to what extent they can defend their prices from complaints and protests. Second, their power relative to the state and their relationship with government will affect the likelihood that the state will impose price controls. In short, the power of employers relative to workers affects how much of increases in their input costs they can pass on to consumers. Therefore, price levels or inflation in a country is not a simple matter of supply and demand.

For example, when there is low unemployment workers will have more bargaining power and be able to secure better wage increases. The ability of capitalists to keep their profits high depends on whether they can increase their prices and the overall level of inflation in a country. In other words, capital can maintain high profit levels by passing on wage increases to consumers by charging them higher prices. Since the majority of consumers in most countries are workers, the ability of capital to raise inflation will depend on the power of capitalists relative to labour and the rest of civil society.

Another example, with much relevance today, is the impact of higher petrol prices. All producers' costs increase when petrol prices increase. If capitalists are powerful relative to workers and civil society they can easily pass on the whole petrol cost increase to consumers by increasing the price of their products. If they are powerful relative to workers they can increase their profits by not increasing the wages of workers. Therefore, the level of inflation due to rising prices of inputs depends on power and class relations in a society. Neo-liberal globalisation has increased the power of capitalists relative to workers.

Figure 12: Distribution of National Income (percentages), 1970-2007 (Source SARB)

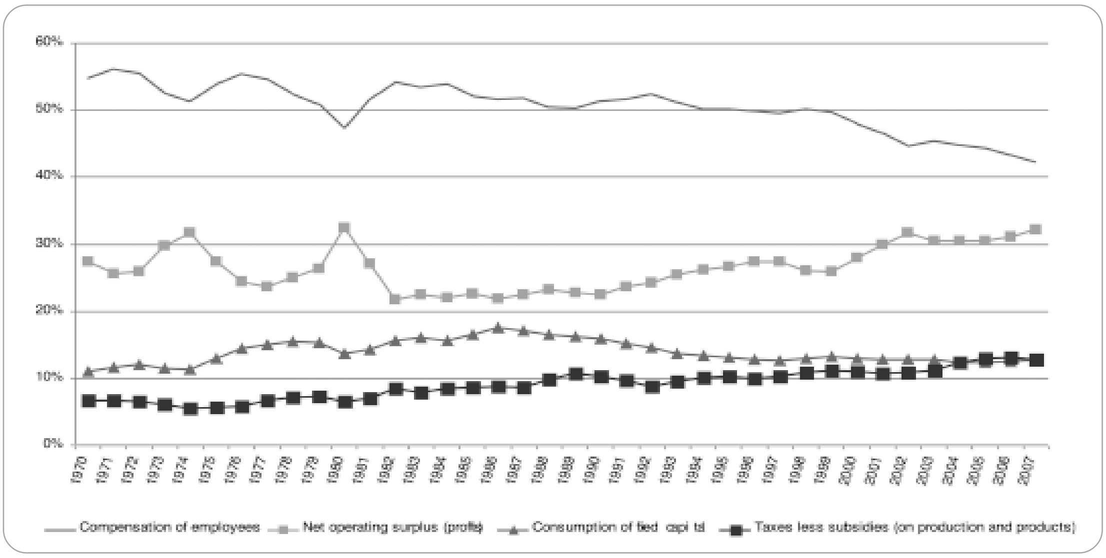


Figure 12 shows the share of South Africa's national income that goes towards profits of businesses and to reimbursement of employees (both management and workers). The share to profits has increased since the 1970s and the share to reimbursement of workers has decreased. These numbers indicate a changing power relationship between owners and workers in South Africa.

Even though there has been democratic change that has enfranchised the majority of the population and reform of labour legislation, the power relationship between capital and workers seems to continue to shift against workers. The trend in South Africa, where capital expropriates a larger share and workers receive a smaller share of national income, is part of a global trend.

Globalisation, power and inflation

There has been widespread adoption of free market or neo-liberal economic policies and increasing hegemony of neo-liberal thinking globally that has allowed greater mobility of capital and extensive deregulation of rules governing private businesses. This neo-liberal globalisation and deregulation of capital has helped increase the power of capital relative to workers.

Many senior South African government policymakers have been influenced by the kinds of pro-business, neo-liberal economics thinking that has supported increased power of capital relative to labour. These policymakers have pushed through macroeconomic policies that supported South Africa's integration into global trade and financial markets, and are pushing for formal adoption of increased labour market flexibility. At the same time, capitalists in South Africa have taken action to bolster their power because of fears that labour would become more powerful given the democratic transition in South Africa.

Threat effects

Globally, corporations have used the threat of moving their business abroad to increase their power relative to workers. Many corporations have moved abroad in search of cheaper wages, lower levels of health and safety regulation and other factors that have lowered their costs and decreased the power of labour. As a result, threats by corporations to move production out of a country have been a very successful strategy by business.

Increasing capital intensity

Many of the largest South African corporations have consciously moved towards more capital intensive ways of doing business and have downsized their workforce. They have reduced their responsibilities to their workforce through increased outsourcing of activities that had been previously part of their internal operations and casualising an increasing share of their remaining jobs. A result of these changes is that many workers have lost their jobs. Many jobs have been casualised and workers have lost job security, benefits and training opportunities. Many jobs have also moved from the formal to the informal sector. Government has not acted to reduce downsizing, casualisation and informalisation.

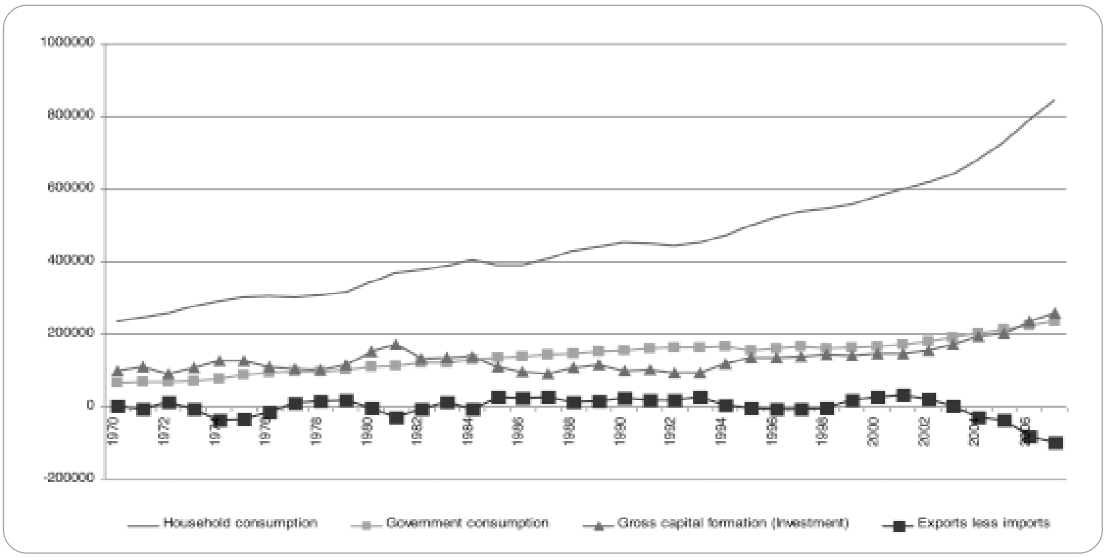
In summary, the deregulation of markets and freer flow of capital and labour associated with neo-liberal globalisation has allowed capital to increase their power relative to capital around the globe. Capital, including South African capital, has resorted to a number of additional measures to increase their power relative to capital. They have threatened to move their businesses to other countries, they have re-organised their businesses and have reduced their levels of employment and increased their capital intensity, outsourced activities previously done in-house and increased casualisation of their workforces. An important consequence of this shifting power relation between capital and labour is that capitalists have taken a larger share of national income and the share to workers has declined. Further, they have more power to raise prices and increase the level of inflation.

GDP and the nature of recent economic growth in South Africa

Too many people assume that any economic growth is good. This section shows that the type of economic growth in a society can affect the sustainability of future economic growth. The type of economic growth in South African since 2002 has increased inequality and threatens future prospects for job creation. Therefore, workers should struggle against the current economic trajectory in South Africa. They should fight for the kind of investment and government intervention in the economy that will restructure the economy in a way that reduces unemployment, poverty and inequality in South Africa.

Debt driven, consumption-led economic growth

Figure 13: Components of GDP (real 2000 prices, Rmillions), Source SARB



The unsustainable nature of economic growth in South Africa since 2002 can be seen when GDP is considered from the perspective of expenditure and investment. The sharp increase in household consumption is the major contributor to GDP over the past few years. The increase in household consumption should be a good thing in a country with high levels of poverty such as South Africa. Some of the growth in consumption was increased consumption by poorer households that have had small increases in their incomes because of increased access to government grants. However, the pattern of growth in consumption reflects the high and growing level of inequality in South Africa. Affluent South Africans have led the surge in household consumption. They have spent more on consumption by borrowing more. As a result, economic growth over the past five years has been the result of debt-driven consumption and not related to developmental goals such as wealth redistribution and deeper industrialisation.

Figure 14: Household Saving and Debt (percentages), Source: SARB

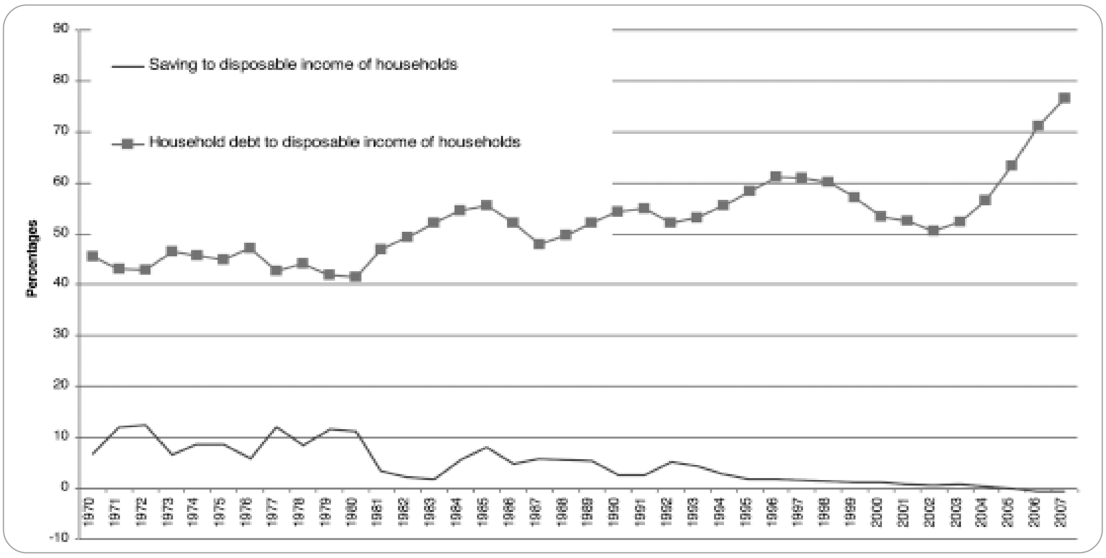


Figure 14 shows that household debt as a percentage of disposable income grew from the mid-1990s. It dropped as a result of interest rate increases after the contagion of the Asian financial crisis and did not recover until after the effects of the 2001 Rand crisis had subsided. However, ever since 2003 there has been a huge growth in household debt. At the same time, household saving of disposable income declined throughout the 1990s and turned negative from 2005.

In order to understand this phenomenon of growing debt, one has to consider that there remains a huge disparity in access to financial services in South Africa. A huge portion of the South African population does not have bank accounts and access to credit. Therefore, debt-driven, household consumption was caused by more affluent South Africans that have access to home loans, vehicle finance, overdraft facilities and credit card debt. The introduction of the National Credit Act in 2006 was a response to growing debt levels and a fear that the South African banks were handing out debt in an increasingly careless and risky manner. Increasing access to debt in South African has not benefited a large portion of the population. It has not led to more investment to deepen industrialisation. It has supported debt-driven consumption by more affluent households.

From Figure 13 we see that the contribution to GDP from investment has increased but not at a very fast rate. Further, the growth in consumption from 2003 is responsible for the growing investment from 2003. Investment from 2003 has led to increased capacity in the economy linked to consumption, such as growth in wholesale and retail services, transport and storage services and financial services. This investment was generally not directed to the industrial sector and manufacturing.

The growth in household debt by the affluent was also made possible by a housing price bubble from 2003. The relatively expensive part of the South African housing market had a big increase in prices. People owning these houses were able to increase their debt using the increased value of their houses as collateral. Therefore, inequality in wealth and consumption in South Africa was made worse by a speculative growth in prices in the upper end of the housing market. South Africa has a huge backlog in delivering housing to poor South Africans. Instead of utilising finance, access to credit and investment for addressing the housing problems in South Africa, a housing price bubble has led to speculation in the housing market and induced debt-driven consumption by the affluent.

Figure 13 shows that our imports were greater than our exports (i.e., there was a trade deficit) from 2004. Imports were increasing at the time when household debt was increasing fast. South Africa was not importing to support an infrastructure and industrial investment project. South Africa was using its access to foreign exchange and increased access to debt to increase its imports of consumer goods, including increasing imports of luxury goods for affluent households.

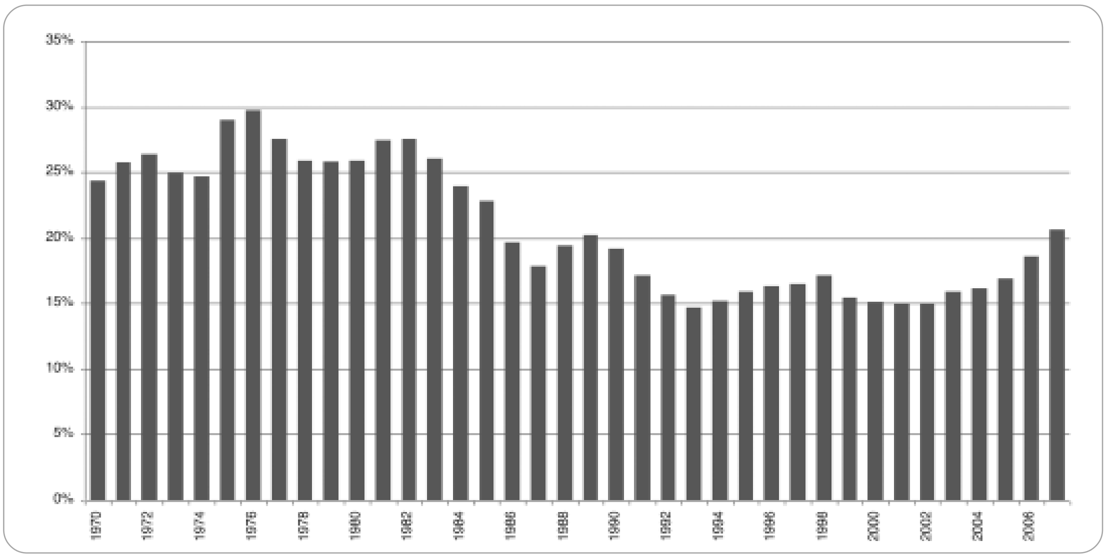
The trade deficit is financed by short-term foreign capital inflows into South Africa's stock market and bonds (portfolio capital flows), not long-term foreign direct investment inflows. These short-term flows are commonly referred to as "hot money" flows because they are short-term and can leave a country as quickly as they enter. They are highly volatile and cause instability in the domestic economy that makes long-term investment less attractive. A sudden change in sentiment of foreign financiers and speculators towards South Africa could easily lead to a huge outflow of short-term capital that would lead to increased vulnerability to a crash in the Rand, and even a financial crisis.

In summary, the economic growth in South Africa over the past few years has been relatively high (around five percent a year) but it has been unsustainable and is not the kind of growth necessary for addressing the problems of poverty, inequality and unemployment. It was debt-driven, consumption-led growth and did not deepen industrial development. Household consumption has increased but there are problems with this growth because we want the poor to consume. However, it was largely the affluent that increased consumption. Further, consumption has been the result of growth in debt while most South Africans do not have access to debt. Growth in consumption was due to borrowing against homes that have increased in value but a large proportion of South Africans do not own homes. Consumption growth has led to increasing imports and a large trade deficit. As a result, South Africa has not used its foreign exchange to buy machinery and equipment but wasted it on consumption. We are buying foreign goods and not increasing South African employment.

Poor levels of investment and building of capital stock

When private businesses and government invest in infrastructure, buildings and plants, machinery and equipment, technology, research and development and skills they are increasing the potential for future economic growth. Investments in physical capital such as buildings and machinery and equipment adds to the capital stock of the country, which increases the amount the country can produce in the future and the possibility that there will be growth in GDP in the future. Further, growth in capital stock increases the likelihood that there will be increased productivity in the economy because workers will have more machinery and equipment to use in production.

Figure 15: Fixed capital formation (investment) as a percentage of GDP, Source SARB



This section not only looks at investment as a macroeconomic indicator but will examine some of the microeconomic trends as well. In order to understand the link between the kind of economic growth experienced in South Africa and its impact on investment, one has to understand where investment has occurred in the economy. Investigating where investment and capital stock has grown or shrunk gives us an idea of what to expect in the future and the types of policy interventions the trade unions should fight for.

South Africa has relatively low levels of investment as a percentage of GDP. Figure 15 shows that investment as a percentage of GDP declined dramatically during the 1980s and the early-1990s and has never recovered back to the levels of the 1980s. We see that there has been an increase in investment since 2002 from around 15 percent of GDP to about 22 percent of GDP in 2007. The early stages of government's increased spending on infrastructure played a small role in the recent increased investment levels in the economy. Most of the increased investment is linked to the debt-driven, consumption-led growth experienced in South Africa since 2002. As a result, most investment and formation of capital stock has not been in the productive sectors of manufacturing but in services such as finance and wholesale and retail services.

Figure 16: Private and General Government & Public Corporations capital stock as percentages of GDP, Real 2000 prices.

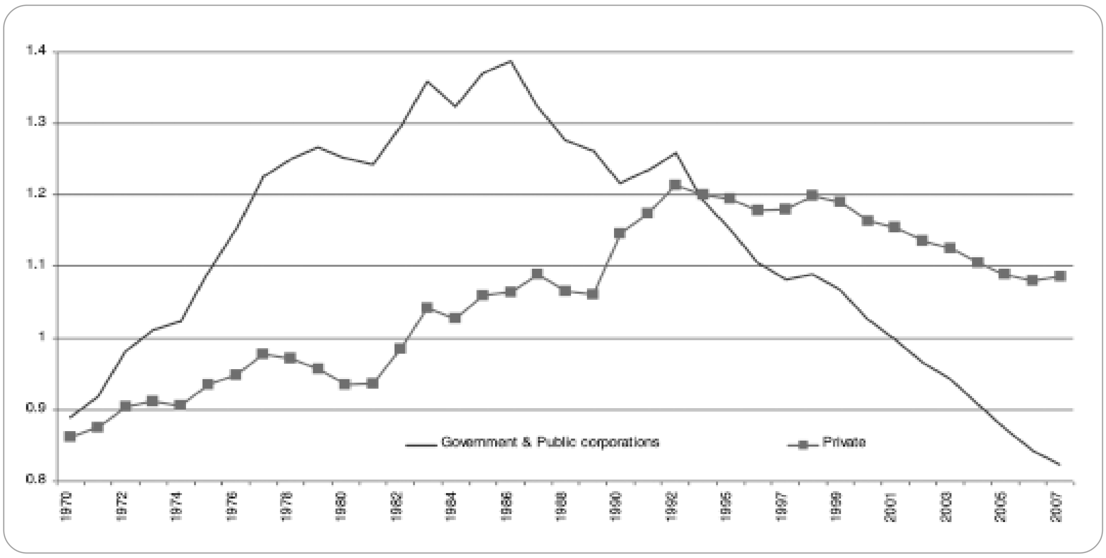
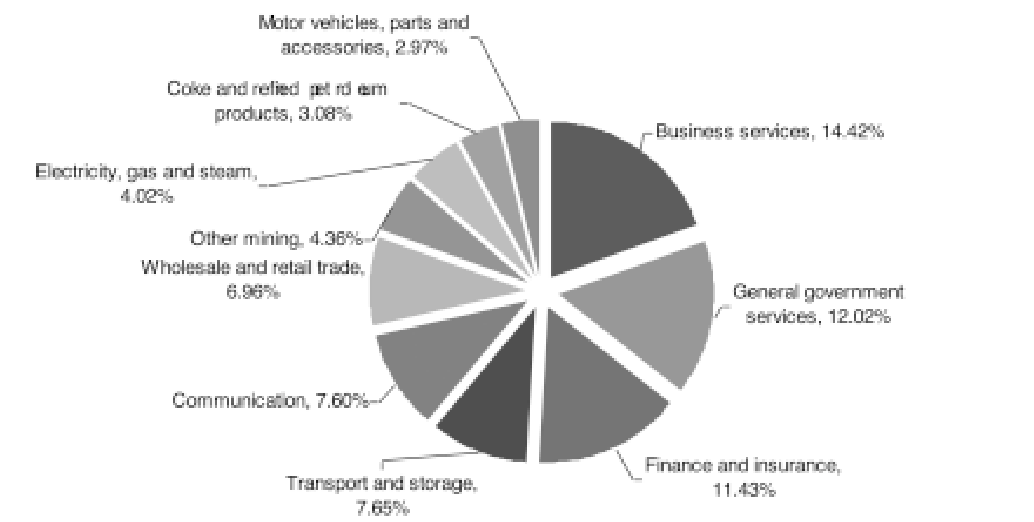


Figure 16 shows that capital stock as a percentage of GDP of general government and public enterprises declined throughout the 1990s and continued to decline during the 2000s. The low level of investment in South Africa since the collapse of the 1980s and the failure of the democratic state to significantly increase public investment after 1994 have meant that capital stock as a percentage of GDP has declined. In other words, investment in the economy has not been sufficient to keep capital stock as a percentage of GDP growing. The poor state of infrastructure today and the huge investment required to expand it is a result of the failure to invest during the 1990s. Therefore, capital stock by the private and public sectors as a percentage of GDP indicates that South Africa's ability to increase jobs, GDP and productivity will be constrained in the future.

What type of investment?

Figure 17: 2006 Top 10 sectors by investment (as a percentage of total investment)



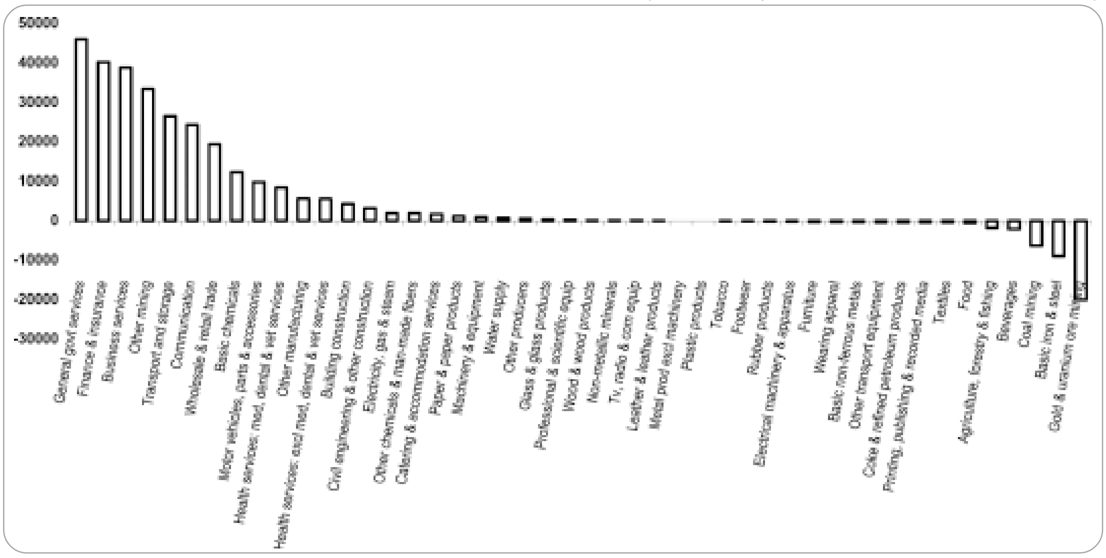
Not only has there not been enough investment in the South African economy, the investment that has occurred is being driven by debt-driven consumption by the affluent. As a result, recent investment trends could have a negative impact on employment creation and sustainability of future economic growth. Most investment moved to services sectors not productive sectors, such as manufacturing.

Figure 17 shows the top 10 investment sectors in 2006. These 10 sectors accounted for 77 percent of the total South African investment in 2006. The six largest investment sectors were in services. They made up over 60 percent of all the investment in South Africa in 2006. The seventh largest investment sector in 2006 was “other mining”, which consists mainly of platinum mining. The eighth largest sector was electricity, gas and steam, which is related to infrastructure development. The last two of the top 10 sectors by investment in 2006 were manufacturing sectors. The ninth largest was coke and refined petroleum product and industry closely related to mining, and Sasol’s oil from coal process. The last of the top 10 was motor vehicles, parts and accessories. This is the only downstream, relatively high value-added manufacturing sector to make it into the top 10 investment sectors in 2006.

It is worth noting that the motor vehicles and components sector is the one industrial sector which has received meaningful industrial policy support from government. More effective industrial policy covering many more manufacturing sectors could lead to higher, more sustainable economic growth and job creation. It should be part of a campaign by the trade unions for long-term policy change to support job creation, industrial development and sustainable economic growth.

Investment has not gone into the correct sectors because debt-driven consumption by relatively affluent South Africans has been driving the increased investment into the economy since 2002. Figure 18 shows how this investment has changed the capital stock for all sectors in South Africa. The sectors with the largest increases to capital stock were the services sectors, most of them linked to growing consumption, and “other mining” (platinum mines).

Figure 18: Changes in capital stock from 2000 to 2006 for all economic sectors
(Real 2000 prices, Rmillions, Source: Quantec)



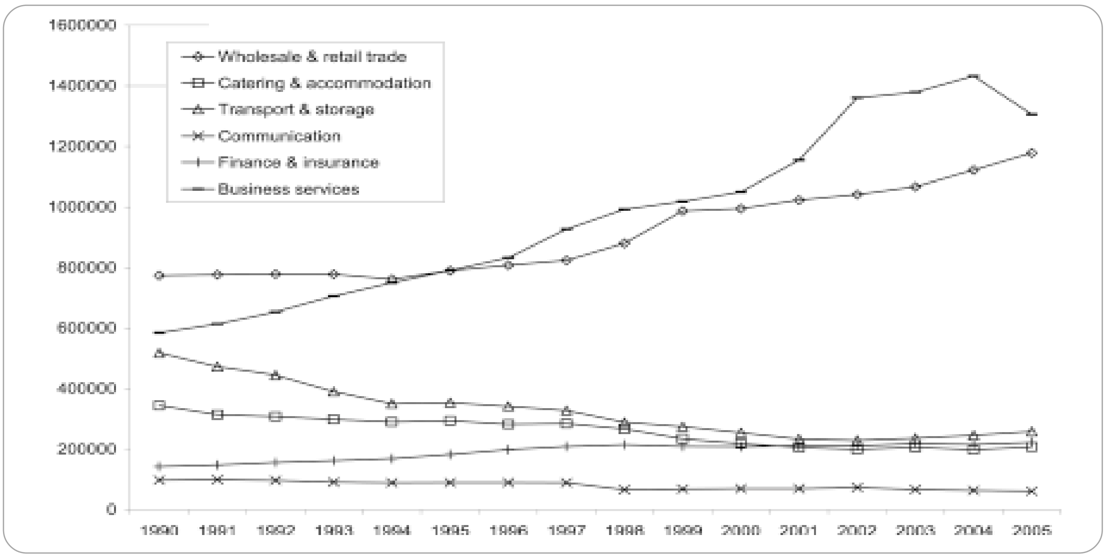
Manufacturing sectors such as basic chemicals and automobiles and components also had increases to capital stock. However, if one looks at the sectors where there has been very little growth in capital stock or negative growth in capital stock from 2000 to 2006, one sees that except for primary sectors such as gold and uranium mining and agriculture, forestry and fishing, all the low and declining capital stock sectors are manufacturing sectors. Further, the labour intensive and higher value-added sectors that could be creating more jobs and skills in the economy have had declining capital stock from 2000 to 2006. In other words, South Africa is reducing its capacity in manufacturing sectors that could promote our economic development objectives of increasing employment and diversifying our industrial base.

Employment in services

Employment growth in primary sectors such as agriculture, forestry and fishing and mining and in secondary sectors such as manufacturing has been weak in South Africa. This section focuses on employment growth in the services sector to show that even where there has been employment growth in South Africa it was linked to the unsustainable, debt-driven, consumption-led economic growth of the past few years. Employment growth has been in the “wrong sectors” and is not the kind that will help to support future economic growth, employment creation, skills development and productivity increases. Further, the growth in employment in the services sector may not be helping South Africa move towards a future where poverty and inequality are decreased, but may be exacerbating these problems.

Figure 19 on the next page shows that employment growth has been negative or low from 1990 to 2005 in all but two services sectors. Even sectors such as finance and insurance and transport and storage services, that have had large increases in investment and significantly increased their contribution to GDP have performed poorly in terms of employment creation. The two services sectors where there has been large employment creation are also the sectors where there are the largest levels of casual

Figure 19: Employment in Services subsectors, Source: Quantec



labour and informal sector activity. These are sectors where most workers have less job security, lower wages, little benefits and very little opportunity for training and skills development. The increase in debt-driven consumption has led to a large increase in the number of workers in the wholesale and retail services sector. These are jobs that could very easily be lost when consumption decreases because interest rates increase and people cannot access more debt.

The other sector that has had large employment creation is business services. In South Africa most of the business services jobs are low skill, low wage, and casual and informal sector jobs. Highly skilled and professional jobs are included in the business services category but these make up a relatively small percentage of South African business services jobs. One reason for the rapid growth of business services jobs is the move by capital to outsource. Workers that were previously working in mining and manufacturing are now classified as services sector workers, even though they may be doing the same jobs in the same places. They now work for labour brokers or some other services companies. One also sees many services sector jobs being outsourced. For example, we see in Figure 19 that there has been a decline in catering and accommodation services sector jobs in spite of the high growth in tourism to South Africa since 1994. More hotels and catering companies are probably outsourcing their functions and more of this sector's workers are being classified as services sector workers.

The other reason for large growth in business services jobs is the huge growth in the private security services industry. The same people that have increased debt and consumption levels in the economy have increased their demand for private security services to protect their properties.

In summary, the kind of economic growth in a country shapes employment creation. Unfortunately, future prospects for economic growth and employment creation are going to be affected by the kind of jobs we create in the economy today. Therefore, the campaign for decent work, including more job security and less casualisation and better wages and benefits should shape shorter-term demands in negotiations with employers and the state.

Market structure, foreign investment and inflation

INSTITUTIONAL ENVIRONMENT AND MARKET STRUCTURE AFFECTS INFLATION

Figure 20: CPI food, housing and CPIX (percentage growth), Source: Statistics South Africa

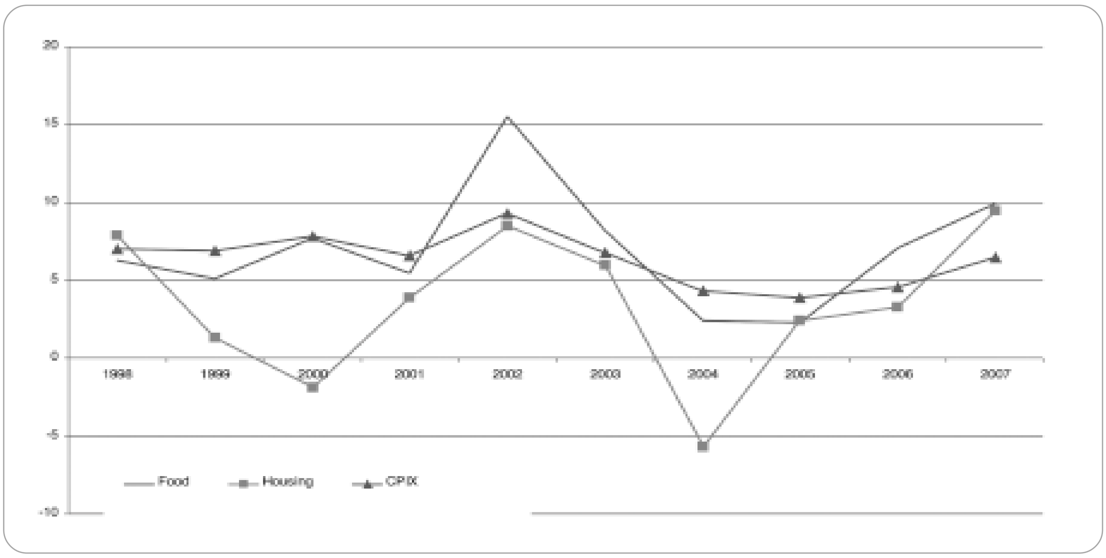


Figure 20 shows CPIX, and inflation for food and housing. As discussed in the introduction, the level of price increases or inflation in society is related to the power relations between capitalists and workers and the ability of capitalists to pass on price increases. It was also explained above that neo-liberal globalisation has increased the power of capital relative to workers globally and in South Africa. In addition to the factors already mentioned, inflation levels are also affected by local market structure.

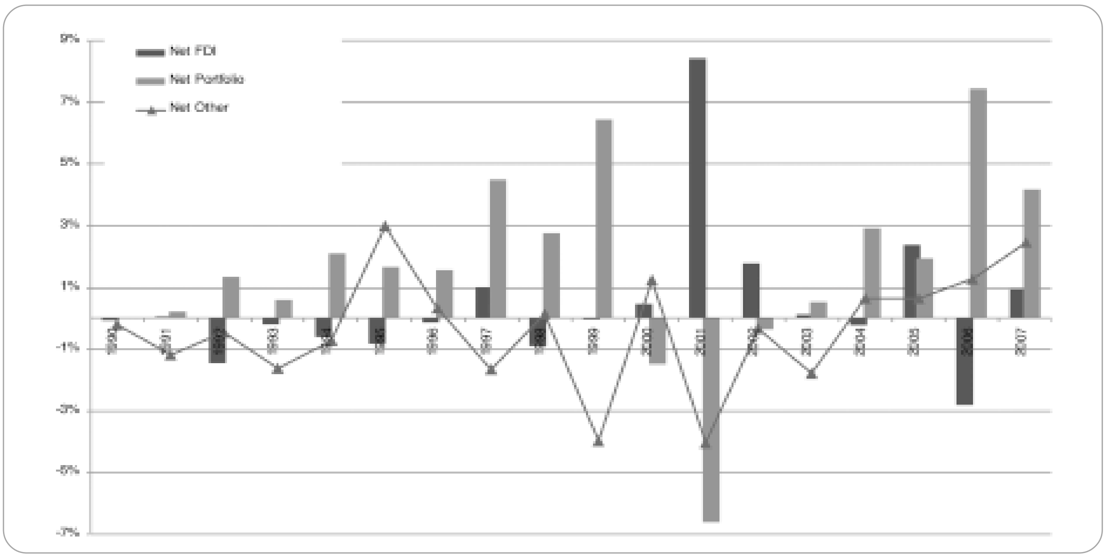
The South African economy has many economic sectors that are dominated by very few corporations. The high level of concentration of the economy means that producers and distributors of goods and services have relative freedom to increase prices because they face little competition. There have also been well publicised cases of collusion and price setting cartels in a number of markets, including basic food markets. Even though there is high concentration and proven cartels and price collusion in some markets, government has decided against regulating prices in most markets and does not attempt to control inflation through price controls.

The consumer rights movement is relatively weak. There are relatively very little coordinated responses by consumers to price increases and other consumer rights issues in South Africa. Therefore, the institutional environment, including state regulation, favours capital relative to workers and consumers in South Africa.

Foreign investment and credit creation

Another cause of inflation in South Africa over the past few years has been recent debt-driven, consumption-led growth. The more affluent in society have had easier access to credit and have increased domestic demand, which has pushed up domestic prices and contributed to inflation. An important reason for the increase in credit to the affluent was larger inflows of short-term foreign investment.

Figure 21: Net capital flows as percentages of GDP



Short-term foreign investment (foreign portfolio investments) is usually in the stock and bond market and can enter and leave the economy very quickly (see Figure 21 to see private access to credit and portfolio flows). It is different from long-term foreign direct investment which usually stays in the economy for a longer period and may increase the productive capacity of the economy and lead to employment creation.

A more efficient allocation of credit in South Africa, including increased credit due to foreign investment inflows to the economy, would mean that more credit would be allocated to poorer households and to the productive sector. A more efficient allocation of credit would require more state involvement in directing credit within South Africa. It could also be a way in which the state could limit the inflationary impact when there is more credit in the economy.

Global inflation and domestic prices

It is well known that a large component of the increase in inflation levels in South Africa today is due to the rising cost of oil and food in the global economy. Changes of supply and demand in global markets affect price levels. These are external factors which are usually beyond the control of the South African state. However, the external nature of these price increases does not mean that we do not think about the political economy of this inflation in the domestic markets.

Rising input costs increase the cost of production. Capitalists can choose to absorb these price increases and accept a reduction in their levels of profits or they can retain existing levels of profits and pass on price increases to consumers. They may also try to retain current profit levels by limiting their levels of wage increases to their workers. Since the institutional environment favours capital relative to workers and consumers they are more likely to pass on increases in input cost to consumers and to limit wage increases. Therefore, workers should increase their organisation with regard to wage negotiations to assure that they get wage increases that at least offset rising inflation levels. Further, organised labour should be part of building consumer rights and advocacy groups in response to the increased power of capital during the neo-liberal era.

EXCHANGE RATES

The exchange rate of the Rand has a huge impact on prices and inflation. A change in the exchange rate directly affects the price of imports into South Africa. This change indirectly affects many domestic prices for two reasons: many domestically produced goods use imported inputs and imported goods compete with many locally produced goods in the domestic market.

When the Rand **depreciates** (weakens) imports become more expensive and exports become cheaper. For example, a weaker Rand makes imports such as petrol more expensive in South Africa. At the same time a weaker Rand makes our exports cheaper for foreigners. A weaker exchange rate could lead to growth in exports, which could lead to more jobs.

When the Rand **appreciates** (gets stronger) imports get cheaper and exports more expensive. In this case, imported goods get cheaper and the country will import more and buy less domestically produced goods. In this case, South African workers could lose their jobs. At the same time, an appreciation in the exchange rate makes goods and services produced in South Africa more expensive in foreign currencies. Therefore, an appreciation of the Rand relative to other currencies could lead to lower South African exports to the rest of the world and could cause the economy to lose jobs. At the same time, an appreciation of the Rand exchange rate makes necessary imports such as oil cheaper in Rands and less inflationary on the economy.

It is important to note that the prices for precious metals like gold and platinum are set on international markets and are usually set in Dollar prices. Other mining and minerals products prices are also set in international markets in Dollars. Therefore, it is usually manufactured goods and services that are affected by movements in the Rand exchange rate with currencies like the Dollar.

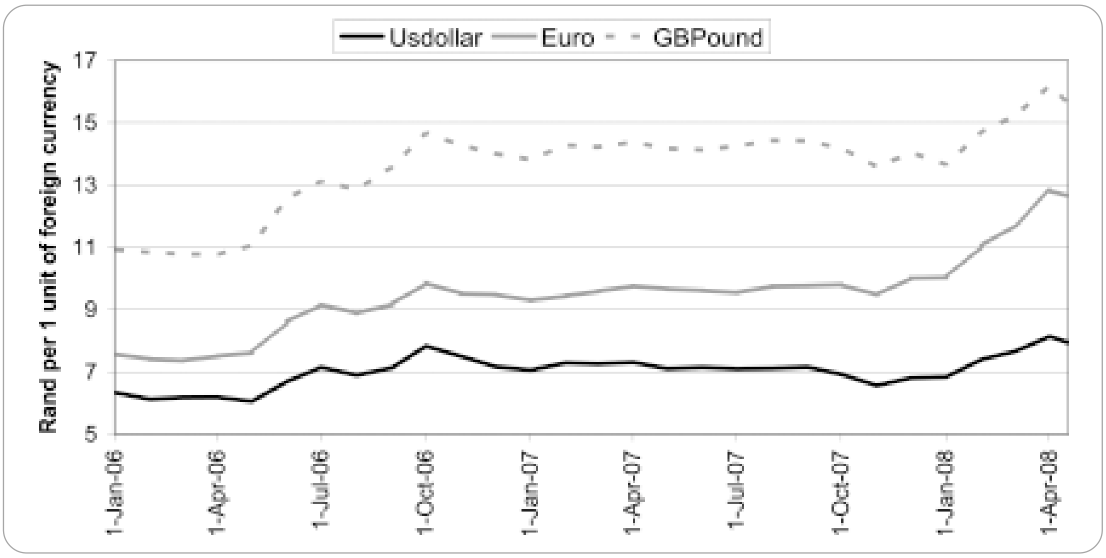
Exchange rates and volatility

Table 21: Exchange rates and volatility

South African Rand exchange rate with	US Dollar	Euro	GB Pound
4/17/2006	6.17	7.44	10.82
4/17/2008	7.94	12.63	15.64
Change in two years	29 percent	70 percent	45 percent

The Rand is freely convertible currency. In other words, it can be bought and sold easily in international currency markets. Therefore, the value of the Rand is set in global currency markets and is hugely affected by short-term concerns of currency traders and speculation in global currency markets. These factors mean that the exchange rate of the Rand can be very volatile (see Table 21 and Figure 22). When the Rand is volatile investors and producers do not know what to expect and have difficulty planning. For example, a volatile exchange rate creates uncertainty in the price of imports and exports and creates difficulties for planning by firms. Volatility of the exchange rate may discourage investors and producers from making long-term commitments that will cause declines in investment and jobs. Therefore, when there is uncertainty due to volatility in the exchange rate, investors would prefer to keep their money invested in liquid financial markets rather than risking long-term productive investments.

Figure 22: South African Rand exchange rate with US$, Euro and GB Pound, January 2006 to April 2007



Countries, such as China where exports of manufactured goods provide a large share of their GDP, maintain tight control over their exchange rate. The state sets their exchange rate and it is not set in global currency markets. Therefore, it is not volatile and investors do not face uncertainty due to volatile exchange rates. Further, they peg the value of their currency to currencies such as the Dollar because the US is a major consumer of their exports. Therefore, the cost of their exports maintain a competitive price within US markets, especially relative to the exports of countries that allow their currencies to be set in global currency markets.

Interest rates, monetary policy and inflation

There have been a number of interest rate increases over the past two years. The South African Reserve Bank (SARB) uses interest rate increases to reduce inflation. Interest rate increases reduce inflation by increasing the cost of debt, which reduces levels of consumption and investment. Raising interest rates leads to unemployment because reduced consumption can cause businesses to go bankrupt. Higher interest rates can also cause unemployment because it causes the amount of investment in the economy to decline.

Monetary policy is often described as a blunt instrument. The SARB does not consider the factors influencing rising prices and inflation when developing a strategy to reduce inflation. Instead, they always use higher interest rates to try to decrease inflation.

It also seems that they do not care if higher interest rates are ineffective in stopping price increases. For example, the domestic inflation rate will increase when the global prices of imported commodities such as oil increase. If the prices of these commodities keep increasing the higher rates of interest rates set by the SARB will not cause inflation to decrease. Instead, the higher interest rates hurt the South African economy by causing domestic investment and employment levels to decline. Interest rate increases are also ineffective when there are changes in the exchange rate and when the domestic market structure supports price increases.

The political economy of the approach to monetary policy in South Africa is important to understand. It is based on the idea that more employment will increase domestic aggregate demand and inflation rates. More employment can mean more organised labour and a changing power relationship between capital and labour. This shift in the power relationship between labour and capital could lead to better wages and benefits for labour. More workers will have more income, which will cause aggregate demand to increase. Higher aggregate demand can push up prices and lead to inflation. Therefore, monetary policy that focuses on increasing interest rates to limit investment and employment is informed by the idea that reducing employment will reduce the power of labour relative to capital.

There are a number of other measures other than interest rate increases that government and the SARB should consider to keep inflation low. For example some states regulate prices on certain goods and services and impose price controls when inflation increases. The state could also ask business to accept lower levels of profits and labour to accept lower wage increases until the inflation rate drops. Labour should engage the state and employers on different measures to address growing inflation.

Trade and inflation

Liberalisation of global trade has been an important aspect of neo-liberal globalisation. Many countries, including South Africa, have reduced barriers to trade, including significant decreases of their tariffs. South Africa's imports have increased a lot since tariffs were reduced. Many of these imported goods have displaced domestically produced goods. Many South African manufacturing businesses have closed and jobs have been lost because of cheaper imports.

Trade liberalisation has increased South Africa's integration into global trade markets. A consequence of this integration is that price levels and inflation in South Africa have become more sensitive to global price levels. When global price levels are low South African inflation tends to be low. In other words, South Africa imports low inflation when it increases imports of lower priced goods and services. However, when global price levels increase, South Africa will import higher levels of inflation.

The consequence of trade liberalisation and greater integration into global trade markets can be clearly seen in South Africa over the past few years. Since 2003, Trevor Manuel and Tito Mboweni have taken responsibility for lower levels of inflation and have argued that there is macroeconomic stability in the South African economy. They fail to acknowledge that their monetary policies were relatively ineffective. Inflation declined because South Africa was “importing lower inflation” from the rest of the world during the 2003 to 2006 period.

An important reason for the decreasing global price level was that China and other Asian economies were reducing the prices of the goods they exported to the rest of the world. Since 2007 this trend has reversed and they are now increasing the cost of their exports. Global inflation has increased. At the same time, the prices of food, oil and many other commodities have increased sharply. South Africa is now importing inflation from the rest of the world. The impact of integration into global trade markets and increased reliance on manufactured imports on South Africa’s inflation is clear. The increase in South Africa’s CPIX (core inflation) has become closely correlated to the Chinese non-food producer price index. The incorrectness of Trevor Manuel and Tito Mboweni’s claims that South Africa has macroeconomic stability is clearly illustrated by these events. It was not their policies that decreased inflation. At present, they have no policies to reduce inflation other than to increase interest rates to stifle demand by reducing domestic investment and job creation. They have admitted that inflation will remain outside of their inflation targets for the next few years.

CONCLUSION

The discussion above shows that there is a close relationship between different macroeconomic variables. However, these relationships are not only technical but are shaped by the institutional structure and power relations in a society. Over the past few decades, widespread liberalisation has integrated the trade and financial markets of most countries. The form of this globalisation has strengthened capital and weakened labour in South Africa and around the globe. As a result, labour’s share of national income in the form of remunerations has declined and the share of profits has increased. The struggles of workers should recognise this loss of power and be aimed at regaining this strength.

Inflation is an important macroeconomic variable when considering negotiations because it provides an indication of how large wage demands should be to offset the rising prices on the current living standards of workers. The close relationship between inflation and other macroeconomic variables have been explored in this article. Inflation is shaped by all these variables and workers should include an understanding of these relationships within their bargaining and struggles.

The type of economic growth and the investment associated with it also has a large impact on labour. An analysis of the nature of economic growth and how to change it should also inform workers negotiations and struggles.

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AN INTRODUCTION

This annual survey comes in the wake of announcements concerning the consistent improvement in the South African economy. According to the South African Rand Reserve Bank (SARRB), the South African economy has been growing for seven consecutive years (National Department: Trade and Industry, 2007: 11). In 2007, the economy registered a 5 percent real Gross Domestic Product (GDP) growth rate, the same as in 2006. But the question is: What is the secret behind this consistent growth? Analysts have argued that this economic growth has been driven by domestic demand; mainly consumer spending and the state's massive fixed investment program. Essentially therefore, although the current state is less interventionist as compared to its predecessor, the role of the government in supporting and accelerating growth, through industrial policy and more effective co-ordination to resolve binding constraints on the economy, has become crucial.

During the same span of seven years (2000-2007), the United Nations Development Program (UNDP) progress report on implementation of Millennium Development Goals (MDGs) in South Africa, documented that the Gini Coefficient without social grants stood at 0.59. Amongst other findings, the report indicated that while the income of those in the poorest 10 percent segment in South Africa had increased at an annual rate of 0.6 percent between 1993 and 2006, that of the richest 20 percent had increased at an annual average of rate of 72.5 percent within the same period (UNDP 2006:14). This disparity in the rate of improvement of income between the poor and the rich means that while income poverty declined between 1993-2006, income inequalities increased.

The above scenario of inequality raises the question: Who is benefiting from the so called improvement in the GDP? At the end of apartheid, the South African government resolved to adopt a liberal economic model in a dual occurrence that has been referred to as the moment of liberation and liberalisation.

But the contrasting data on GDP and Gini Coefficient cited above demonstrates the bias and ineffectiveness of the marketplace in ensuring equity. It is therefore accurate to state that it is not only governments and institutions that discriminate, but also the market. Given freedom, the market chooses who to reward and who not. It tends to reward members of the dominant class who already have, at the expense of the have-nots.

This is the tenth year of the Labour Research Service's (LRS) authorship of this report. Over the years, we have noted that the configurations of inequality that are observed at the macro (national and international) level are generated at the level of individual companies under the guise of market laws and competitiveness. From our first report in 1998, to this edition, the common narrative is that of a consistent and systematic widening of the wage gap between those serving in company governance and management on the one side, and those in "other" employment categories within the companies. These findings can in part be accounted for using Chapel Hill's (2000) analysis of the possible cause of wage differences. Hill explains this trend through what he refers to as the "theory of labour market segmentation". Take "A" to represent those in governance and management and "B" to represent other workers. The theory argues that "A" members establish labour or product market dominance relative to "B" members in order to limit intergroup competition. Once market dominance is established (as has been the case over the years), markets can be divided up with "A" members receiving the "good" jobs and product market while "B" members receive the "bad" jobs.

In the context of the labour market where distribution of wages and earnings correspond to the distribution of "good" and "bad" jobs, then labour market segregation theories assert that these group dynamics establish the distribution of income via a framework that consistently rewards those in "A" jobs more than those in "B" jobs. The framework used to award remuneration by companies surveyed in this report, illustrates a perfect match to this theory.

In the context of this report, if we replace "good" and "bad" with the hierarchical structure of the jobs occupied by "A" and "B", it becomes apparent that unless the laws of determining wages change, "A" will always have their income increase at a higher rate than "B". This is how inequality is manufactured in South Africa. To create a further understanding of this scenario, there is a need to deconstruct which part of our population is in "A" and "B" in terms of gender, race, age and so on. Unfortunately, most companies do not do desegregation of their data at these levels. This is an item that the Johannesburg Stock Exchange (JSE) should consider recommending for all listed companies.

As part of our contribution to the agenda of improving the well-being of South African workers, this report encourages debate not only on the ever-increasing income gap between "As" and "Bs" in companies operating in South Africa, but on the need to review the current remuneration philosophy. It is time to open up debate on remuneration criteria and argue for a formula that shall guarantee all employees in a company, whether in group "A" or "B", of benefits on an equal basis from the company's ability to pay.

ABOUT THE 2008 SURVEY

This survey is part of what has become a flagship project of the LRS for the past decade. The data used here comes from the 2007 Annual Reports of 52 companies sampled across various key sectors of the South African economy. Two major criteria were used in the selection of these companies.

First and most basic was the market share that the companies command in their various sectors. Overall 80 percent of the companies in this sample control 77 percent of the market in their sectors. It was thus presumed that they are both trend and precedent setters.

It should be noted that these companies have been part of our previous reviews. The second strategy of sampling was purposive. WHBO has been included owing to their major role in building and construction in the preparations for South Africa hosting the 2010 Fédération Internationale de Football Association (FIFA) World Cup.[1]

SURVEY METHOD

As usual, the task of excavating data from the various Annual Reports required hard-nosed reading. Although there has been significant improvement and some standardisation in both the way companies organise their financial information and report corporate governance, there were still cases of disjointed, incongruent and non-desegregated financial information (particularly regarding fees paid to Executive and Non-Executive Directors). The lumping together of various kinds of information, and late publication of Annual Reports, account for the decrease in survey samples from 55 in 2006 to 52 in 2007. Nevertheless, these difficulties have not undermined the realisation of the central objective of the report.

The central objective of the survey was to identify trends in change in remuneration at the levels of governance and management within the sampled companies. We have reviewed both absolute figures and percentage of changes in remuneration for Non-Executive Directors, Executive Directors and Chief Executive Officers (CEOs). These changes have been posted alongside the results of company performance in 2007 and the 2006 LRS analysis.

The remuneration and/or emoluments have been captured in a manner which excludes but separately presents any gains from exercised share options. Further, owing to the versatile roles of those who hold the director's position, the analysis once again is focused on positions rather than individuals. In the final analysis, it is the annual mean earning by directors and CEOs that forms the basis for wage comparisons.

There were cases of four companies whose financial reports were presented in US Dollars and British Pounds. Because this report has used the South Africa Rand as the basis of its analysis, SARRB Quarterly Bulletin (March 2008) has been used to determine annual average exchange rates, which were R14.11 to the British Pound and R7.05 to the US Dollar.

LIMITATIONS

Our sample is small and possibly less representative than it might be. However, we have tried to look at a wide range of companies in order to address our

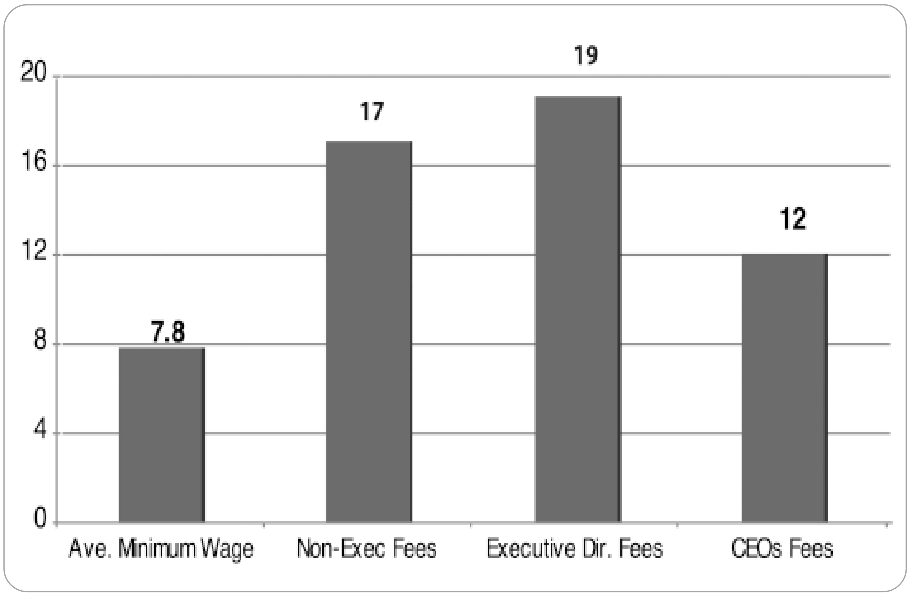
[1] We are of course cognisant of the broader connections of the various 2010 preparatory tasks to the South African economy.

central theme. Ultimately, it is hoped that this research will provide a valuable tool for effective collective bargaining in South Africa.

GENERAL OVERVIEW

In 2007, the average enumeration for Executive Directors increased by 19 percent, Non-Executive Directors by 17 percent and CEOs by 12 percent.

Figure 23: Percentage Increases in 2007 - Minimum Wages and Remuneration of Non-Executives, Executive Directors and CEOs



Source: Annual Reports for 2006-7.

The year 2007 witnessed a large turnover of CEOs. In total, 40 percent of the companies under review had a change in their CEOs. Apart from one case, all the transitions were characterised by a decline in the CEOs remuneration. However, the transitions were also accompanied with huge lump sum payments for most of the departing CEOs.

As can be noted from Figure 23, although the structural differential between those in governance and management and low paid workers cannot be supported by any rational argument, the rate of increase in remuneration is clearly skewed in favor of managers and governors. Each month, a CEO on average earns 24 times and an Executive Director earns 16 times more than the average worker in a low paid job.

These payments exclude performance bonuses and exercised share options which do constitute a significant proportion of remuneration (more so for CEOs). Although we shall get back to this perspective of analysis, it is important to highlight the total earnings of these governance and management actors for the sampled companies.

As is evident from Figure 24, the largest portion of remuneration excluding bonus and exercised share options in 2007 went to Executive Directors. The 220 Executive Directors in the 52 companies under review earned R 5 576 056 in 2007. The Non-Executive Directors numbered 478 and earned a total of R 314 340. In the same year, the sum of money earned by CEOs in the 52 companies was R 8 647 589.

Figure 24: Share renumeration between Directors and Management

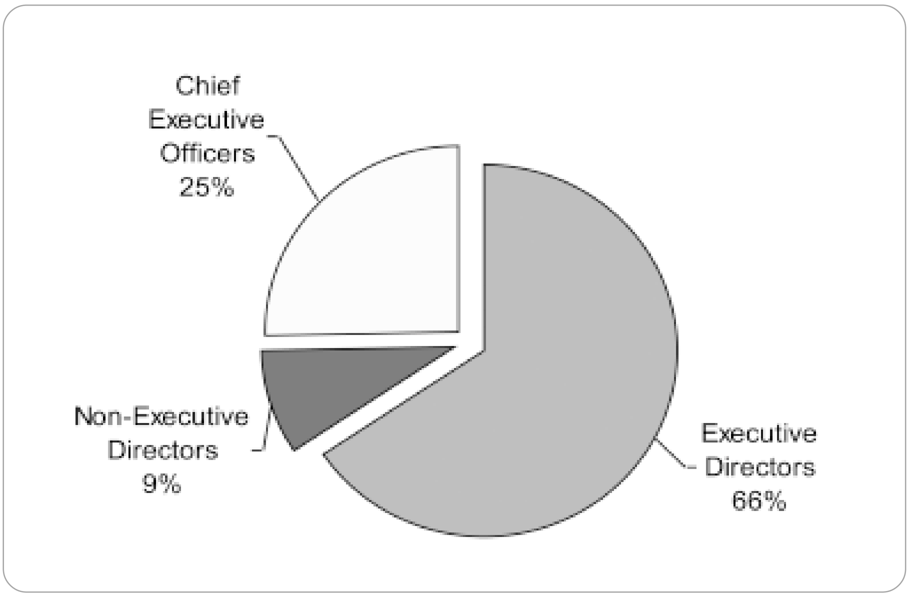


Figure 24 above demonstrates the concentration of income in the hands of very few people. Although this survey provides a broad overview, it would be erroneous to assume that the various companies in question are internally bounded, homogenous and coherent. Compositions of the board and management in most companies in South Africa are skewed when analysed by variables such as gender, race, generation/age social class and the like. It is for this reason that we argue for demographic profiling to establish who are earning the highest incomes.

DEMOGRAPHIC PROFILING

One of the significant limitations of the figures provided above, and indeed within all the Annual Reports surveyed, is an assumed homogeneity in terms of variables like race, generation/age, education and gender that characterise the South African population. Essential data on remuneration are not desegregated in terms of these variables. On face value though, of the 52 companies none had a woman CEO. It was not possible to have desegregated data for the level of Executive and Non-Executive Directors. Worth noting is the fact that Denel is the only company that had a woman as the chair of its Board of Directors. This means that huge amounts are not just going to a few people, but to a few men!

But it is useful to review the statistics offered by Denel (2007: 26) on its staff composition at management and governance level. Credit must be given to this company for its level of disclosure. Although Denel is not a representative sample of the companies covered in the survey, its gender and race physique are worthy of scrutiny as it is a state company that has been targeted for enormous reforms. As such, its performance is important in setting the tone for our further debate.

Several lessons can be drawn from 22a on the next page. It illustrates that Denel does not have or is not implementing a policy aimed at restructuring its skewed gender and racial job group compartilisation. The best improvement recorded in the period 2006-7, does not exceed 1 percent.

Table 22a:Denel's Employment Profile

	Annual Report 2006/7					
		March 2007			March 2006	
Total Employees		**7,634**			**8,120**	
White male	3,283	43%	3,983	3,478	43%	4,266
White Female	700	9%		788	10%	
African Male	1,800	24%	2306	1,906	23%	2,389
African Female	506	7%		483	6%	
Colored male	802	11%	1259	823	10%	1,355
Colored Female	457	6%		532	7%	
Indian male	69	0.9%	86	84	1%	110
Indian Female	17	0.2%		26	0.3%	
Total	7,634	100%		8,120	100%	8,120

Table 22b:Denel's Employment Profile

Management				
Total Number of Management	493	6%	560	7%
Total Number of White Managers	395	5%	445	5%
Total Number of Black Managers	98	1%	115	1%
Race Desegregated Data				
Total Number of White Employees	3,983	52%	4,266	53%
Total Number of Black Employees	3,651	48%	3,854	47%
Gender Desegregated Data				
Total Number of Male Employees	5,954	78%	6,291	77%
Total Number of Female Employees	1,680	22%	1,829	23%

This is not only marginal but a non-action considering that there were four cases of actual decline reported against three cases of improvement. Table 22b does not contain a different message either. The table depicts the absence of women in management positions while the figures for black managers have remained stagnant at 1 percent.

This analysis should serve to open up debate on the internal character of inequality. By developing narratives of remuneration based on gender, race and other key variables in the character of the South African population, we get a better picture of whose remuneration is increasing. Although there is much emphasis on the use of the market as the basis for determining remuneration, the South African market still operates on the basis of yesteryear's apartheid policies. To that extent, corporations must see BEE as central in ensuring comprehensive job reallocation to all races before leaving it for so-called competitive market forces to allocate annual increment rewards. At any rate, the two must go hand in hand.

EXECUTIVE DIRECTORS

In 2007, the annual average Executive Director's remuneration stood at R 5 382 005 as compared to 4 505 064 in 2006. This represents an increase of 19 percent. On average the increase of the Executive Directors' remuneration seem to correspond with the company's performance which has been stated to be the basis of remuneration for directors.

As Table 23a demonstrates, this is not the case across board. It presents five companies from the survey sample with the highest percentage increase. Below it is Table 23b, which presents the five companies with the highest average Executive Director's remuneration for 2007.

Recalling that the increase in directors' fees should to some extent compare

Table 23a: Companies with the highest percent increase for Executive Directors' Remuneration

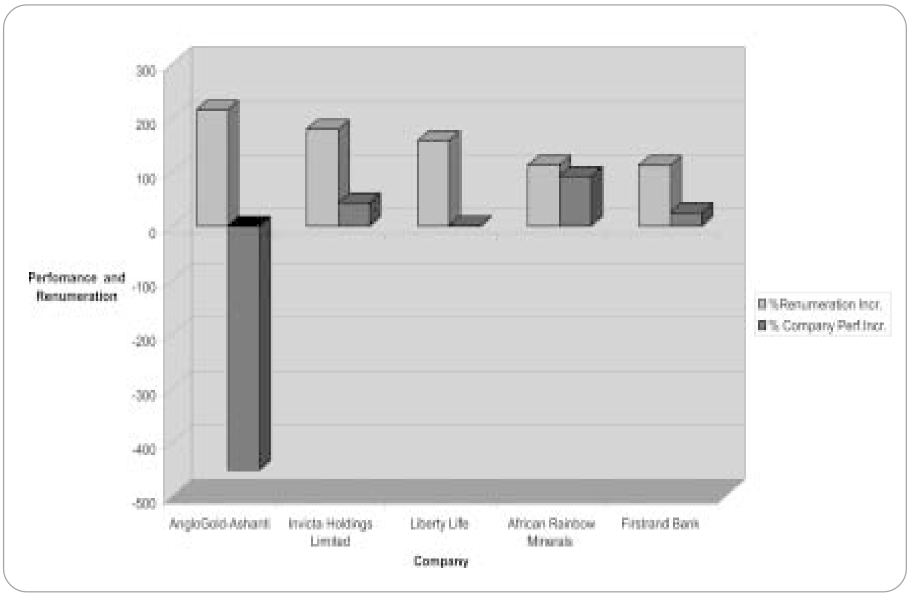
Company	Sector	Ave.2006	Ave.2007	% Increase	Rand	Company Performance (percent Incr)
AngloGold_Ashanti	MINING	6,255,600	19,701,800	215	13,446,200	-451
Invicta Holdings Limited	INDUS/CHEMICALS	951,333	2,652,333	179	1701000	43
Liberty Life	FINANCIAL	3,646,500	9,394,000	158	5747500	1
African Rainbow Minerals	MINING	2,091,000	4,454,143	113	2,363,143	92
FirstR and	BANK	7,037,333	14,943,000	112	7,905,667	25

Source: Importation from the Companies Annual Reports in Appendices 14 and 18

to that of company performance, we have extrapolated Figure 25 below to visualise the comparison.

Figure 25 illustrates the inconsistency between the increases in wages for Executive Directors when looked alongside company performance. Even more ridiculous is the fact that AngloGold Ashanti had the highest percentage of Executive Directors' increment in 2007, despite making losses. This means that the trends of consistency between company performance and increment in remuneration should be examined in more detail. Evidence from Figure 25 and Table 23a calls into question the philosophy of remuneration when one considers that companies have been known to use their net profit as the basis of collective bargaining with workers.

Figure 25: Increase in Executive Directors' Ave Fee Against Company Performance in 2007



Source: Importation from the Companies Annual Reports in Appendices 14 and 18

Table 23b: Companies with the highest average for Executive Director's Remuneration

Company	Sector	Ave.2006	Ave.2007	% Increase	Rand Increase	Company Performance (% Increase)
SAB Miller	FOOD & BEVERAGE	22,110,750	26,889,549	22	4,778,799	19
AngloGold_Ashanti	MINING	6,255,600	19,701,800	215	13,446,200	-451
FirstRand Bank	FINANCE	7,037,333	14,943,000	112	7,905,667	25
Coronation Fund Managers	FINANCE	16,195,000	10,330,000	-36	-5,865,000	42
Lonmin plc	MINING	17,539,287	10,106,476	-42	-7,43,2811	16

Source: Importation from the Companies Annual Reports in Appendices 14 and 18

As shown in Table 23b, for the third year, SAB Miller maintained the profile of the company with the highest paid Executive Directors amongst the survey sample. Following a 22 percent increase in 2007, the annual average earning of each of its Executive Directors is R 26 895 487 per annum.

Second is AngloGold Ashanti with an annual average Executive Director's earning of R 19 701 800. FirstRand Bank and AngloGold are new entrants to this profile.

NON- EXECUTIVE DIRECTORS

In a departure from 2006, Non-Executive Directors received a double digit increment standing at 17 percent. In South African Rand, it was an increase from the 2006 annual average of R 312 170 to R 364 298, making a difference of R 52 128. Table 24a below shows the five companies which reported the highest percentage of increase in Non-Executive Directors' fees.

Table 24a: Companies with the highest percent increase for Non-Executive Directors' Remuneration

Company	Sector	Ave.2006	Ave.2007	% Increase	Rand Increase	Company Performance (% Increase)
Network Healthcare Holdings	HEALTH	173,889	360,333	107	186,444	31
Trans-Hex	MINING	53,000	93,875	77	40,875	Making loses
Aveng	CONSTRUCTION	240,125	397,286	65	157,161	910
Seardel Limited Holdings	DIVERSIFIED	137,250	226,667	65	89,417	-51
Coronation Fund Managers	FINANCIAL	131,667	211,667	61	8,0000	42

Source: Importation from the Companies Annual Reports in Appendices 15 and 18

Besides Seardel, there were new companies joining the cluster of companies in the survey with the highest levels of remuneration for Non-Executive Directors. The company that awarded the highest increase was Network Healthcare Holdings from the Health sector at 107 percent. This was against a background of 31 percent improvement in company performance. Although the levels of discrepancy were not as sharply manifest as evidenced in the analysis of the Executive Directors' remuneration, it is worth noting that the increase occurred even where companies recorded very marginal or no increase in profit.

Table 24b shows in absolute figures in Rand, Investec Bank took the lead as the company with the highest paid Non-Executive Directors with an average of R 1 488 886 per Non-Executive Director per annum, while SAB Miller rose to second position at an average of R 1109 102. The two companies also recorded improvement in company performance though at lower levels in comparison to percentage of increment in remuneration. Although there was a decline in the amount paid to the Non-Executive Directors at Lonmin (mining), its directors remained the third best paid amongst the sampled companies.

Table 24b: Companies with the highest average for Non-Executive Directors' Remuneration

Company	Sector	Ave.2006	Ave.2007	% Increase	Rand Increase	Company Performance (% Increase)
Investec Bank	BANKS	1,134,893	1,488,886	31	353,993	20
SAB Miller	FOOD & BEVERAGE	723,258	1,109,102	53	385,844	19
Lonmin plc	MINING	1,173,104	1,089,592	-7	-83,512	16
Barloworld Ltd	DIVERSIFIED HOLDINGS	619,300	830,417	34	211,117	5
Sasol	INDUSTRIAL/CHEMICALS	699,750	776,917	11	77,167	50

Source: Importation from the Companies Annual Reports in Appendices 15 and 18

CHIEF EXECUTIVE OFFICERS

The Chief Executive Officers (CEOs) received an average annual increase of 12 percent in 2007 making the annual average income per CEO in the sampled companies R 475 617 370. Though the level of percentage increase was lower than the 14 percent of 2006, in absolute terms the figure rose by R 52 468 278 from the 2006 figure of R 423 149 092. Table 25a and b below depict five companies within the survey sample with the highest levels of increase and those that pay their CEOs the highest fees.

Table 25a: Companies with the highest percent increase for CEOs Remuneration

Company	Sector	CEO	Ave.2006	Ave.2007	% Increase	Rand Increase	Company Performance (% Increase)
Invicta Holdings Limited	Industrial/Chemicals	A Goldstone	1,115,00	5,685,000	410	4,570,000	20
FirstRand Banking Group	Bank	Paul Harris	5,250,000	16,453,000	213	11,203,000	25
Cashbuild	Construction	Pat Goldrick	1,775,000	3,429,000	93	2,554,000	42
Liberty Life	Financial	Bruce Hemphil	4,532,000	10,495,000	132	5,963,000	1
African Rainbow Minerals	Mining	Andre Wilkens	2,903,000	5,616,000	93	2,713,000	92

Source: Importation from the Companies Annual Reports in Appendices 16 and 18

With a 410 percent (R5 685 000) Invicta Holdings Limited gave the highest increase to its CEO in 2007 against a company performance of 43 percent. In contrast to 2006 where companies that made losses were reported to have awarded their CEOs increases, all the companies that awarded an increase in 2007 reported some profit. With its CEO earning the fourth highest amongst the sample, Liberty Life was the only company at a single digit improved performance of 1 percent that awarded a disproportionately high increase at 132 percent (R10 495 000).

Table 25b: Companies with the highest average for CEOs Remuneration

Company	Sector	CEO	Ave.2006	Ave.2007	% Increase	Rand Increase	Company Performance (percent Incr)
Investec Bank	BANK	Stephen Koseff	31,127,475	48,467,850	56	17,340,375	20
SAB Miller	FOOD & BEVERAGE	AG Mackay	29,462,263	35,557,652	21	6,095,389	19
Lonmin plc	MINING	Brad Millis	19,767,713	19,316,668	-2	-451025	16
AngloGold Ashanti	MINING	Mark Cutifani	9,732,000	18,458,000	90	8,726,000	-451
FirstRand Banking Group	BANKS	Paul Harris	5,250,000	16,453,000	213	11,203,000	25

Source: Importation from Annual Reports in Appendices 16 and 18

Investec Bank retained its 2006 profile of the company in the survey paying its CEO the highest remuneration in 2007. This was after yet another increase of 56 percent (R17 340 375) in the year under review. This was against an improvement in company performance of 20 percent. SAB Miller retained its 2006 second position but with an increase in CEOs remuneration of 21 percent, amounting to R6 095 389. The other three were new entrants dislodging the 2006 occupants: Lonmin, AngloGold Ashanti and FirstRand Banking group.

As already intimated, bonuses and in some cases shares exercised formed a proportional percentage of CEOs remuneration (see Table 26). Overall bonuses were 110 percent of a basic CEO salary. This means that in total, the amount paid in form of bonuses in 2007 superseded the total amount paid as salaries in the same period.

Table 26: Companies with the Highest Bonus as percent of Remuneration

Company	Sector	CEO	2007 without Bonus	2007 Bonus	2007 Pay with Bonus	Bonus as % of Pay
Investec Bank	BANK	Stephen Koseff	5,432,350	43,035,500	48,467,850	792
Coronation Fund Managers	FINANCIAL	Thys Du Toit	1,762,000	5,607,000	7,369,000	318
Hosken Consolidated Investments	DIVERSIFIED HOLDINGS	John Anthony Copelyn	1,866,000	5,487,000	7,353,000	294
Liberty Life Banking Group	FINANCIAL	Bruce Hemphil	2,995,000	7,500,000	10,495,000	250
Firstrand	BANK	Paul Harris	4,703,000	11,750,000	16,453,000	250

Source: Importation from Annual Reports in Appendices 17 and 18

Figure 26a: Ration of Bonus to Contract Renumeration

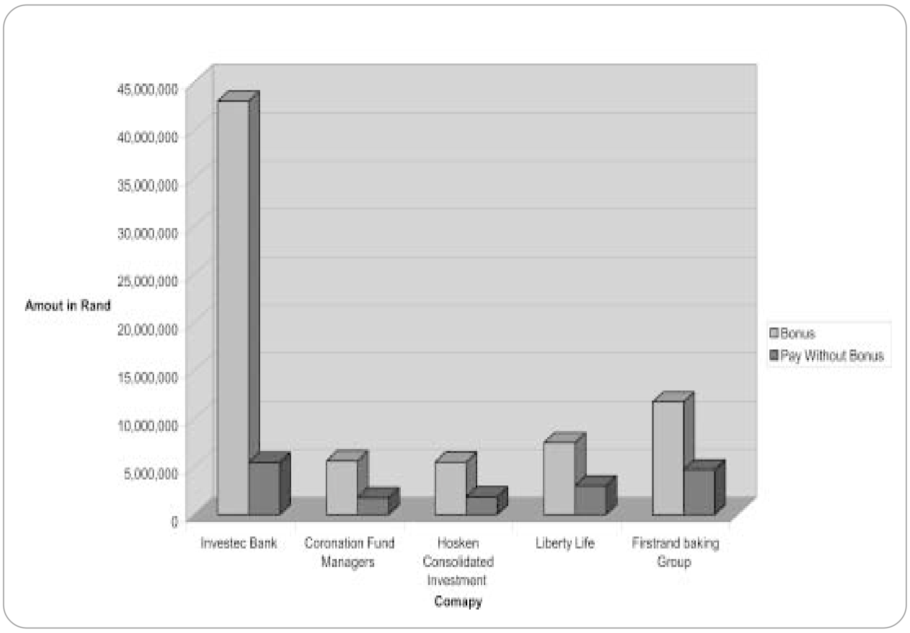
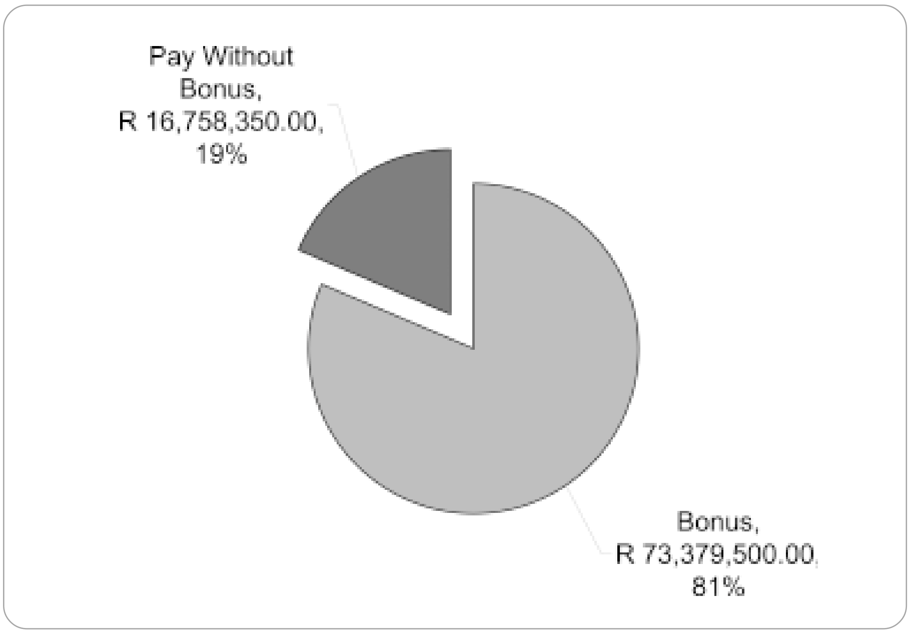


Figure 26b: Proportion of bonus to contract payment in companies with highest bonus in 2007



Figures 26a and b above show that amongst the five companies that paid the highest amount of bonuses, the bonus constituted an even larger proportion (81 percent) of total pay. In the case of Investec bank for instance, the bonus earned by the CEO in 2007 was eight times his contract pay.

Sector Review

Table 27: Cross sector Review 2007

	Executive Directors Increments			Non-Exec. Dir Increments			CEO Increments			Company % Performance
	Ave.	Rand	%	Ave.	Rand	%	Ave.	Rand	%	
Mining	2,448,798	204,066	50	35,113	2,926	11	1,288,605	107,384	15	19
Construction	1,672,500	139,375	21	39,763	3,314	18	1,645,400	137,117	41	218
Food and Bev.	478,743	39,895	10	66,641	5,553	25	713,398	59,450	7	22
Transport	435,824	36,319	11	44,444	3,704	18	182,668	15,222	4	15
Retail	297,166	24,764	6	24,824	2,069	11	-183,720	-15,310	-2	21

Source: Importation from Annual Reports in Appendices 17 - 23

Table 27 presents five sectors which were analysed to capture the general trend in a manner that should inform workers in their engagement. As a departure from 2006, where the Mining sector was the best performing sector, this profile has been taken over by the Construction sector. The boom in the construction industry is attributed to infrastructure development and construction towards the 2010 FIFA World Cup. This was followed by the Food and Beverage sector at a 22 percent improvement from 10 percent in 2006. Comparing 2006 and 2007 data, the Food and Beverage sector seems to be on a steady growth path as opposed to the fluctuation evidenced in the Construction sector.

On remunerations, Executive Directors in the Mining sector received the highest levels of increment at 50 percent (R 204 066), followed by the Construction sector at 27 percent (R58 225).

Food and Beverage gave their Non-Executive Directors the highest increments at 25 percent (R5 553). The lowest increase was witnessed in Retail and Mining sector at 11 percent. All the sectors witnessed a double digit increment.

For CEOs, the Construction sector was on top of the pack again, having given an increment of R 137 117. This was followed by the Mining sector which gave an increment of R107 384 at percentage of increase at 15 percent.

FRAMEWORK OF REMUNERATION

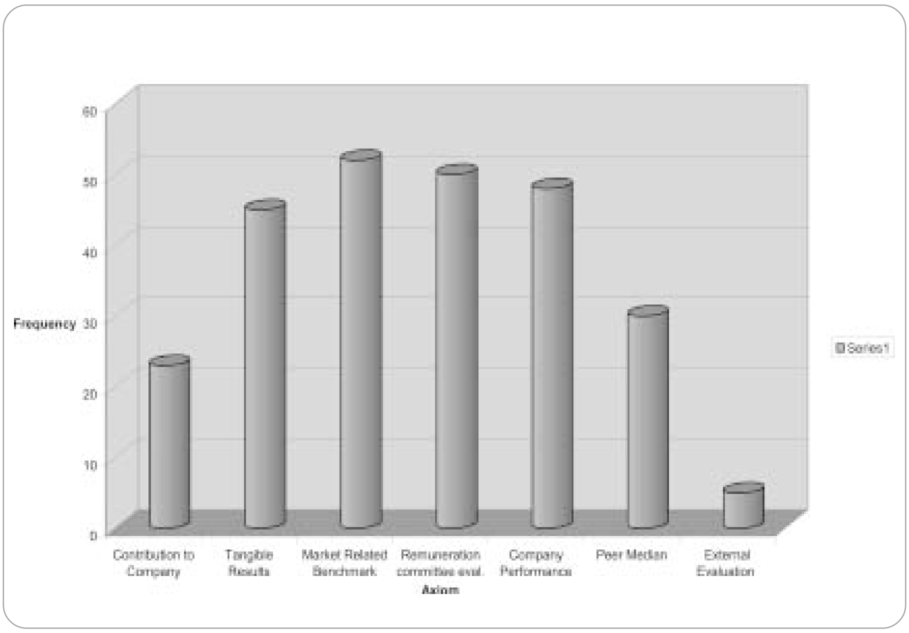
In our introduction, we stated that the intention of this survey was to establish not only the patterns of change in remuneration amongst those in governance and management in the sampled companies but also to interrogate the basis of these changes. The analysis of 52 companies demonstrates an upward trend with few cases of reduction in remuneration. Most of the few cases that were reported were associated with transitions.

The subject of ensuring internal remuneration equity has made it necessary for companies to state their philosophies of remuneration. Of the 52 companies sampled here, 89 percent stated their remuneration philosophy. Figure 27 on the next page details the pillars stated by the companies as key in determining their remuneration.

80 percent of the companies surveyed cited market forces as the most

influential factor in determining their remuneration. In terms of process, all the companies in the sample documented that they have Board Remuneration Committees (BRCs) which perform the following functions:

Figure 27: Axioms in Determining Remuneration



- Determine and agree with the board on the framework or broad policy for the remuneration of Executive Directors and executive management;
- Ensure that qualified and experienced management and executives are provided with appropriate incentives to encourage enhanced performance, and that there is a fair and responsible manner of rewarding them (those in management governance) for their contribution to the company's performance;
- Determine targets and objectives for any performance-related pay schemes for directors and executive management;
- Determine, within the terms of the agreed policy, the total individual remuneration packages of Executive Directors and executive management including, where appropriate, bonuses, incentive payments and share scheme awards;
- Oversee any major changes in employee benefit structures;
- Ensure that the comments, recommendations and rules within South Africa pertaining to directors' remuneration are given due regard, in determining the packages of Executive Directors;
- Review the company's retirement funding policies;
- Recommend allocations in terms of the company's share purchase and share option schemes;
- Review annual bonuses.

The process is such that even with the remuneration committee[2] the market remains the major determinant of what is sent to the shareholders for their final determination. But the shareholders are never informed what employees out of management and governance structures earn or provided with a

[2] Note must be taken that not all the remuneration committees of the sampled companies meet all the requirements of the Kings II report – the most elusive criteria being one that requires that members of this committee be non-executive board members.

comparative simulation such as the one prepared in this report. On most occasions, they are presented with recommendations prepared by the board through the committee with the assistance of an external consultant. The recommendations are cloaked in a broad philosophy calling on shareholders to "pay its directors, executives and staff market competitive and appropriately structured remuneration packages and to reward them over and above this by the inclusion of incentive bonuses and by participation in share schemes at levels based on results achieved."

One novel criterion that is used by at least eight companies involved in this survey was the engagement of independent executive remuneration consultants. More often than not, the selection of such advisers is at the discretion of the chair of the committee. During the financial year 2007, the consultancy firms that were consulted most were: Bridge Street Consultants LLP, Vasdex Associates, PricewaterhouseCoopers and 21st Century Pay Solutions. Although detailed terms of reference were not available the overall requirement from the companies was for consultants to "benchmark, review and provide advice on competitive levels and forms of pay (salaries and bonuses)… and to provide incentive plans for the CEO and directors". By emphasising market driven "competitive levels" the companies and the consultants took as given remuneration levels that are enjoyed by those in management and governance portfolios. There were no efforts to view the proposed or anticipated remuneration increment for this category of employee in the broader context of either what other levels of employees are earning or the current skewed nature of income levels and earnings in the South Africa.

The above phenomenon of inequality was further reinforced by the various reference documents that companies use as the premises of rationalising their levels of remuneration. The most quoted reference documents with regard to CEO and directors' remuneration are: Remchannel, GRS Top Remuneration Survey, LMO, Executive Remuneration Survey, the Hay Investment Banking Survey and a number of smaller niche remuneration surveys.

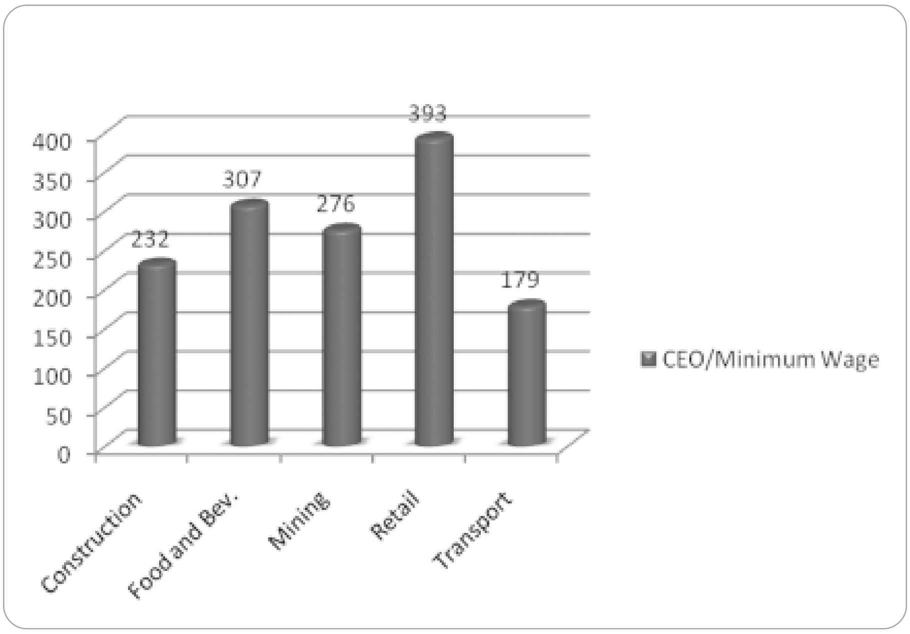
To reverse this trend, shareholders must start by moving beyond their current ceremonial, where all they do is to approve new directors' fees that are presented to them in form of a *fait accompli*. Besides moving beyond mere ceremonial roles, shareholders need to know that what they are presented with is not within the same philosophy used to determine the wages of other workers. In fact, anecdotal evidence suggests that most employers aim at getting labour cheaply so as to make higher profits and increase their remuneration as workers continue to suffer.

Our argument is that the focus should be on harmonising the laws on remuneration and ensuring that remuneration philosophies are applied across the board. Companies must know that they can neither claim good citizenship nor can they be sustainable when their system creates a binary between the top and the bottom category of workers.

CONCLUSION - NICE WORK IF YOU CAN GET IT

The gap between low wage workers and CEOs is greatest in the retail sector and relatively speaking the smallest in the transport sector. In plain English, at the current ratio a cashier[3] in the retail sector would have to work almost 400 years to earn what a CEO in our sample of the same sector earns on average in a single year.

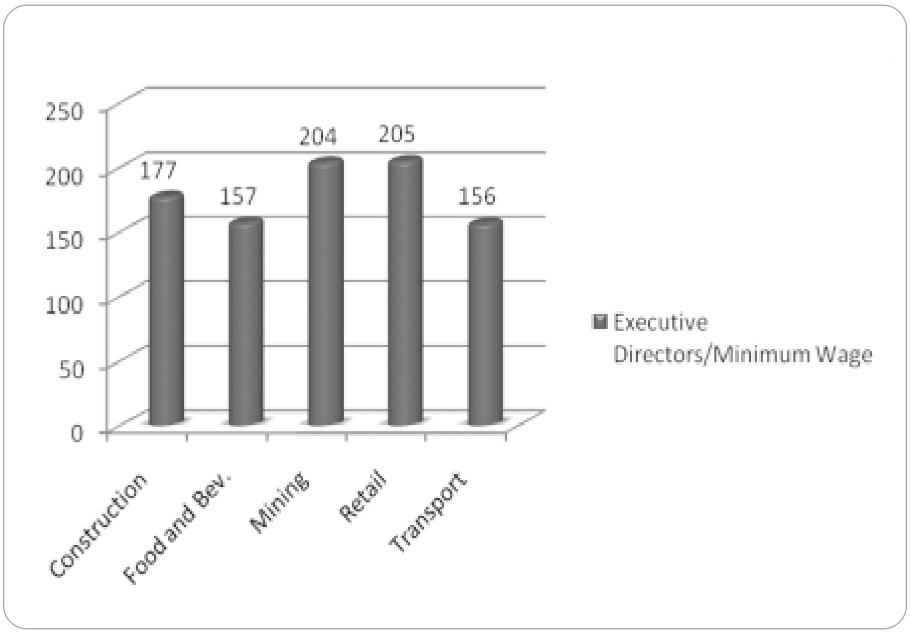
Figure 28: Ratio of Average CEO's Remuneration to Selected Low Wage Occupations in 2007



There is a fair amount of variation between the sectors against this measure. Given that minimum wages tend to be quite similar, it suggests that there are quite significant variations in the levels of remuneration commanded by CEOs in different industries.

The gap between average remuneration to CEOs and to all executive directors on average is also highest in the Retail sector and lowest in the

Figure 29: Ratio of Average Executive Directors Remuneration to Selected Low Wage Occupations



[3] As stipulated by the Sectoral Determination for the Wholesale & Retail Trade

Transport sector. In the Retail sector and the Food & Beverage Manufacturing sector, CEOs earn double what an Executive Director earns on average in the same sector.

When considering remuneration to Executive Directors, the ratios cluster together to a far greater degree than for CEOs. This suggests greater standardisation of remuneration to Executive Directors relative to CEOs. Even so, Executive Directors in mining and retail lead the other sectors comfortably or by 20-25 percent.

Non-Executive Directors tend to earn about 10 times that of workers in low

Figure 30: Ratio of Average Executive Directors Remuneration to Selected Low Wage Occupations

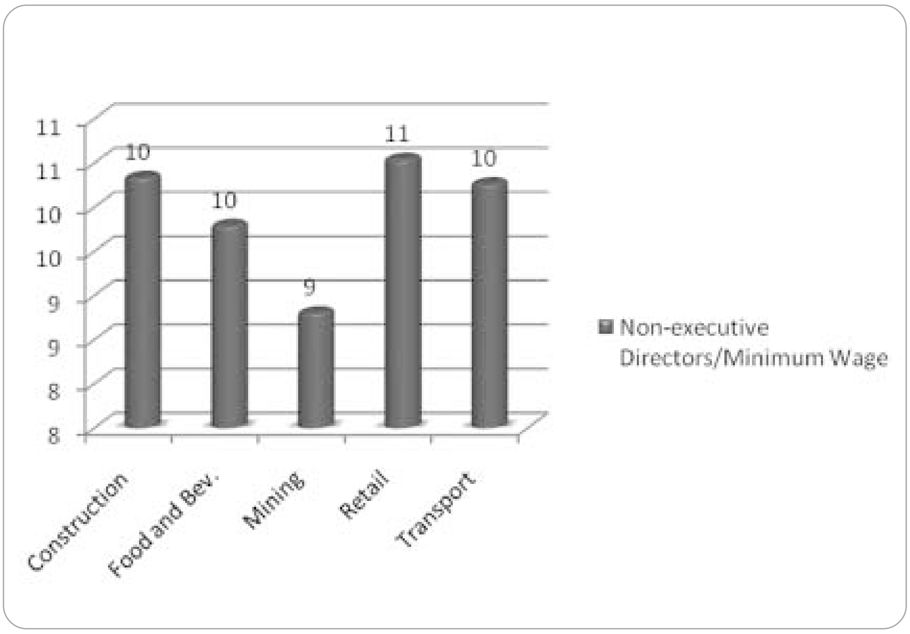
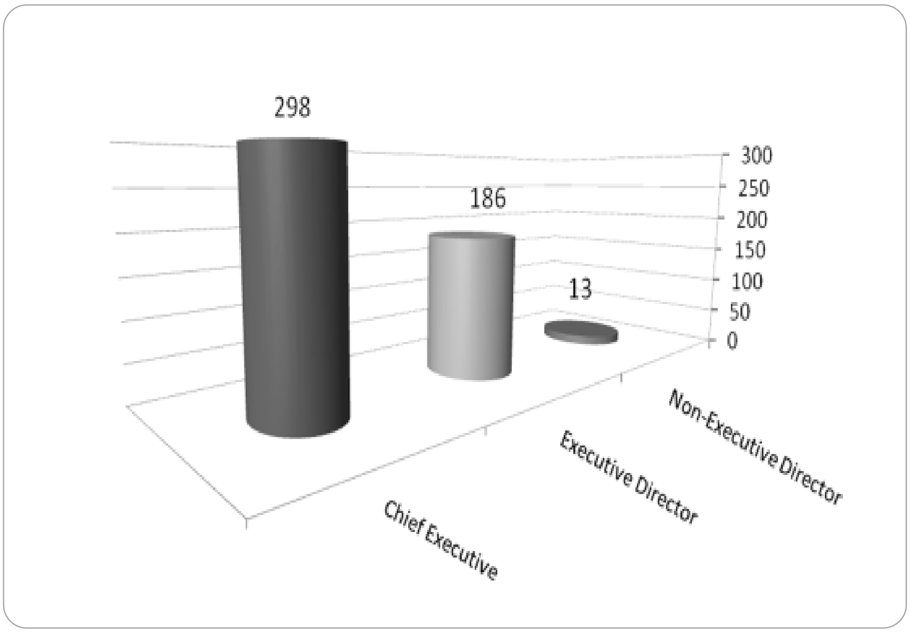


Figure 31: How many years workers in selected low wage occupations must work to earn what directors earn in a single year (2007)



wage occupations regardless of the sector. In other words, remuneration to Non-Executive Directors appears to be the most standardised of the three groups that we consider.

We see that CEO's earned 298 times more on average than an ordinary worker in 2007. Put another way it will take that low wage worker more than six lifetimes to earn what a CEO earns in one year in South Africa (if we assume that a worker works on average 45 years of his or her life). Executive Directors earned on average 186 times more.

This gap between directors and workers has grown consistently in spite of public awareness and public outrage. We need to ask what kind of system generates such inequality. Arguing that the remuneration of directors is market related, determined by committee or result driven cannot paper over the fact that many others in the same organisation are not paid enough to meet the basic material needs of a household, which is a polite way of referring to a poverty wage.

It is clear that executives wield a great deal of power in the companies which employ them and that they are able to drive hard bargains with these same companies. There is some indication that executives are able to avoid the appearance of actually bargaining by shaping the processes and structures which determine their levels of remuneration. This relationship between executive influence and the processes which determine actual levels of remuneration is an area we hope to explore in greater detail in the future.

The purpose of posing questions such as these is to encourage the development of strategies to bring about change in this system. A first step for unions is to use this kind of information to benchmark workers' wages and increases. It is vital that unions involve themselves in changing the culture and ethics of the companies they bargain with. Corporate governance and corporate social responsibility needs to be wrested out of the hands of the super-rich, who use these concepts to mask the gross inequality that they entrench and perpetuate in the workplace and beyond.

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APPENDIX 14: Executive Directors' Fees (2006-2007)

Company	Sector	No. 2006	No. 2007	Total 2006	Total 2007	Ave.2006	Ave.2007	% Incr.
African Bank Investments	BANKS	8	5	24,072,000	21,675,000	3,009,000	4,335,000	44
Firstrand Banking Group	BANKS	3	2	21,112,000	29,886,000	7,037,333	14,943,000	112
Investec Bank	BANKS	4	4	9,032,050	15,103,947	2,258,013	3,775,987	67
Aveng	CONSTRUCTION	5	4	21,565,000	23,781,000	4,313,000	5,945,250	38
Cashbuild	CONSTRUCTION	4	5	6,154,000	9,285,000	1,538,500	1,857,000	21
Group Five	CONSTRUCTION	2	3	9,142,000	15,707,000	4,571,000	5,235,667	15
Murray & Roberts	CONSTRUCTION	5	5	23,326,000	26,850,000	4,665,200	5,370,000	15
PPC	CONSTRUCTION	5	5	11,416,000	14,769,000	2,283,200	2,953,800	29
WBHO	CONSTRUCTION	3	2	4,945,000	6,674,000	1,648,333	3,337,000	102
Barloworld Limited	DIVERSIFIED HOLDINGS	10	12	52,434,000	85,496,000	5,243,400	7,124,667	36
Hosken Consolidated Invest.	DIVERSIFIED HOLDINGS	3	5	9,589,000	22,376,000	3,196,333	4,475,200	40
Remgro	DIVERSIFIED HOLDINGS	5	5	13,822,000	15,736,000	2,764,400	3,147,200	14
RMB Holdings	DIVERSIFIED HOLDINGS	1	1	6,168,000	7,506,000	6,168,000	7,506,000	22
Seardel Limited	DIVERSIFIED HOLDINGS	3	3	10,015,000	10,413,000	3,338,333	3,471,000	4
Sekunjalo Investment Limited	DIVERSIFIED HOLDINGS	7	6	10,795,000	13,345,000	1,542,143	2,224,167	44
Coronation Fund Managers	FINANCIAL	2	2	32,390,000	20,660,000	16,195,000	10,330,000	-36
Liberty Life	FINANCIAL	4	2	14,586,000	18,788,000	3,646,500	9,394,000	158
Sanlam	FINANCIAL	3	2	16,182,000	19,571,000	5,394,000	9,785,500	81
Anglo-Vaal Industries	FOOD & BEVERAGE	5	3	10,601,000	10,135,000	2,120,200	3,378,333	59
Crookes Brothers Limited	FOOD & BEVERAGE	1	2	2,370,000	3,747,000	2,370,000	1,873,500	-21
Distell	FOOD & BEVERAGE	3	3	6,682,000	7,825,000	2,227,333	2,608,333	17
Illovo Sugar	FOOD & BEVERAGE	7	7	22,923,000	23,299,000	3,274,714	3,328,429	2
SAB Miller	FOOD & BEVERAGE	2	2	44,221,500	53,790,974	22,110,750	26,895,487	22
Tiger Brands	FOOD & BEVERAGE	6	5	30,321,000	19,094,000	5,053,500	3,818,800	-24
Aspen	HEALTH	3	2	14,211,000	11,810,000	4,737,000	5,905,000	25
Discovery Health	HEALTH	6	6	17,564,000	19,060,000	2,927,333	3,176,667	9
Medi-Clinic	HEALTH	5	6	16,941,000	17,936,000	3,388,200	2,989,333	-12
Network Healthcare Holdings	HEALTH	6	6	19,399,000	22,425,000	3,233,167	3,737,500	16
Afrox Oxygen	INDUS/CHEMICALS	2	3	27,493,000	17,965,000	13,746,500	5,988,333	-56
Denel	INDUS/CHEMICALS	3	2	11,803,000	9,836,000	3,934,333	4,918,000	25
Hudaco	INDUS/CHEMICALS	3	3	10,661,000	13,842,000	3,553,667	4,614,000	30
Invicta Holdings Limited	INDUS/CHEMICALS	3	3	2,854,000	7,957,000	951,333	2,652,333	179
Reunert	INDUS/CHEMICALS	4	4	15,697,000	16,627,000	3,924,250	4,156,750	6
Sasol	INDUS/CHEMICALS	6	6	24,613,000	35,145,000	4,102,167	5,857,500	43
Didata	INFO & TELECOMS	5	5	32,353,830	40,389,450	6,470,766	8,077,890	25
Telkom Limited	INFO & TELECOMS	2	1	12,247,587	3,925,987	6,123,794	3,925,987	-36
African Rainbow Minerals	MINING	7	7	14,637,000	31,179,000	2,091,000	4,454,143	113
AngloGold_Ashanti	MINING	5	5	31,278,000	98,509,000	6,255,600	19,701,800	215
Angloplatinum	MINING	10	10	33,012,699	51,325,762	3,301,270	5,132,576	55
Gold Fields Group	MINING	2	2	12,458,295	13,395,522	6,229,148	6,697,761	8
Impala Platinum	MINING	5	6	34,159,000	27,361,000	6,831,800	4,560,167	-33
Lonmin plc	MINING	2	3	35,078,574	30,319,427	17,539,287	10,106,476	-42
Trans-Hex	MINING	3	2	5,375,000	4,496,000	1,791,667	2,248,000	25
Nampak	PAPER & PACKAGING	4	3	23,887,233	17,788,170	5,971,808	5,929,390	-1
Sappi	PAPER & PACKAGING	6	4	61,967,834	23,589,603	10,327,972	5,897,401	-43
Foschini	RETAIL	2	2	11,329,600	5,833,400	5,664,800	2,916,700	-49
Pick 'n Pay Stores	RETAIL	5	5	25,171,900	25,705,000	5,034,380	5,141,000	2
Shoprite Holdings	RETAIL	7	7	25,843,000	35,539,000	3,691,857	5,077,000	38
Truworths	RETAIL	3	3	15,888,000	17,168,000	5,296,000	5,722,667	8
Woolworths Holdings	RETAIL	3	5	16,450,000	26,443,000	5,483,333	5,288,600	-4
Cargo Carriers	TRANSPORT	2	2	2,926,000	2,187,000	1,463,000	1,093,500	-25
Imperial Holdings	TRANSPORT	7	8	35,473,000	40,281,000	5,067,571	5,035,125	-1
Super Group	TRANSPORT	6	4	22,518,526	20,489,895	3,753,088	5,122,474	36
Average % Increase		**228**	**220**	**1,027,154,628**	**1,184,041,137**	**4,505,064**	**5,382,005**	**19**
Average Annual Increase (Rands)						**4,505,064**	**5,382,005**	**876,941**
Average Monthly Increase (Rands)						**375,422**	**448,500**	**73,078**

APPENDIX 15: Non-Executive Directors' Fees (2006-2007)

Company	Sector	No. 2006	No. 2007	Total 2006	Total 2007	Ave.2006	Ave.2007	% Inc.
African Bank Investments	BANKS	11	9	2,752,000	2,801,000	250,182	311,222	24
First Rand Banking Group	BANKS	16	17	9,427,000	10,668,000	10,668,000	627,529	-94
Investec Bank	BANKS	13	13	14,753,613	19,355,517	1,134,893	1,488,886	31
Aveng	CONSTRUCTION	8	7	1,921,000	2,781,000	240,125	397,286	65
Cashbuild	CONSTRUCTION	4	4	1,025,000	1,094,000	256,250	273,500	7
Group Five	CONSTRUCTION	6	7	1,382,000	1,325,000	230,333	189,286	-18
Murray & Roberts	CONSTRUCTION	10	10	2,135,000	2,559,000	213,500	255,900	20
PPC	CONSTRUCTION	7	8	896,000	958,000	128,000	119,750	-6
WBHO	CONSTRUCTION	3	5	254,000	545,000	84,667	109,000	29
Barloworld Ltd	DIVERSIFIED HOLDINGS	10	12	6,193,000	9,965,000	619,300	830,417	34
Hosken Consolidated Investmets	DIVERSIFIED HOLDINGS	5	6	513,000	630,000	102,600	105,000	2
Remgro	DIVERSIFIED HOLDINGS	10	9	4,252,000	5,018,000	425,200	557,556	31
RMB Holdings	DIVERSIFIED HOLDINGS	7	7	708,000	813,000	101,143	116,143	15
Seardel Limited	DIVERSIFIED HOLDINGS	4	3	549,000	680,000	137,250	226,667	65
Sekunjalo Investment Ltd	DIVERSIFIED HOLDINGS	5	4	560,000	160,000	112,000	40,000	-64
Coronation Fund Managers	FINANCIAL	3	3	395,000	635,000	131,667	211,667	61
Liberty Life	FINANCIAL	9	11	2,816,000	4,349,000	312,889	395,364	26
Sanlam	FINANCIAL	19	18	7,865,000	8,283,000	413,947	460,167	11
Anglo-Vaal Industries	FOOD AND BEVERAGE	11	9	1,443,000	1,330,000	131,182	147,778	13
Crookes Brothers Ltd	FOOD AND BEVERAGE	6	8	644,000	747,000	107,333	93,375	-13
Distell	FOOD AND BEVERAGE	13	14	1,238,000	1,654,000	95,231	118,143	24
Illovo Sugar	FOOD AND BEVERAGE	8	8	2,269,000	2,740,000	283,625	342,500	21
SAB Miller	FOOD AND BEVERAGE	10	10	7,232,575	11,091,024	723,258	1,109,102	53
Tiger Brands	FOOD AND BEVERAGE	12	12	3,215,000	2,812,000	267,917	234,333	-13
Aspen	HEALTH	10	10	1,368,000	2,141,000	136,800	214,100	57
Discovery Health	HEALTH	9	10	1,564,000	2,574,000	173,778	257,400	48
Medi-Clinic	HEALTH	10	8	1,525,000	1,153,000	152,500	144,125	-5
Network Healthcare Holdings	HEALTH	9	9	1,565,000	3,243,000	173,889	360,333	107
Afrox Oxygen	INDUSTRIAL/CHEMICALS	7	8	724,000	1,327,000	103,429	165,875	60
Denel	INDUSTRIAL/CHEMICALS	10	11	848,000	957,000	84,800	87,000	3
Hudaco	INDUSTRIAL/CHEMICALS	4	4	382,000	413,000	95,500	103,250	8
Invicta Holdings Limited	INDUSTRIAL/CHEMICALS	4	4	871,000	1,073,000	217,750	268,250	23
Reunert	INDUSTRIAL/CHEMICALS	7	8	1,125,000	1,234,000	160,714	154,250	-4
Sasol	INDUSTRIAL/CHEMICALS	12	12	8,397,000	9,323,000	699,750	776,917	11
Didata	INFORMATION & TELECOMS	7	9	2,741,850	3,102,000	443,143	344,667	-22
Telkom	INFORMATION & TELECOMS	11	12	2,969,158	2,641,168	269,923	220,097	-18
African Rainbow Minerals	MINING	11	9	2,719,000	1,740,000	247,182	193,333	-22
AngloGold_Ashanti	MINING	15	16	4,053,000	4,984,000	270,200	311,500	15
Angloplatinum	MINING	17	16	3,260,785	3,114,675	191,811	194,667	1
Gold Fields	MINING	11	12	4,154,774	4,585,604	377,707	382,134	1
Impala Platinum	MINING	8	9	2,975,000	3,578,000	371,875	397,556	7
Lonmin plc	MINING	6	8	7,038,625	8,716,734	1,173,104	1,089,592	-7
Trans-Hex	MINING	10	8	530,000	751,000	53,000	93,875	77
Nampak	PAPER AND PACKAGING	10	11	2,419,535	2,343,028	241,954	213,003	-12
Sappi	PAPER AND PACKAGING	11	12	6,134,805	6,292,520	557,710	524,377	-6
Foschini	RETAIL	8	8	1,392,500	1,887,500	174,063	235,938	36
Pick 'n Pay Stores	RETAIL	7	7	2,740,000	2,850,000	391,429	407,143	4
Shoprite	RETAIL	6	6	658,000	658,000	109,667	109,667	0
Truworths	RETAIL	5	6	768,000	885,000	153,600	147,500	-4
Woolworths Holdings	RETAIL	8	8	2,403,000	2,784,000	300,375	348,000	16
Cargo Carriers	TRANSPORT	4	4	390,000	390,000	97,500	97,500	0
Imperial Holdings	TRANSPORT	12	13	3,386,000	4,240,000	282,167	326,154	16
Super Group	TRANSPORT	8	6	2,242,217	2,159,668	280,277	359,945	28
Average		**467**	**478**	**145,783,437**	**174,134,438**	**312,170**	**364,298**	**17**
Average Annual Increase (Rands)						**312,170**	**364,298**	**52,128**
Average Monthly Increase (Rands)						**26,014**	**30,358**	**4,344**

APPENDIX 16: CEO Increases (2006-2007)

Company	Sector	CEO (Name)	2006	2007	% Incr.
African Bank Investments	BANKS	Leon Kirkinis	5,185,000	5,684,000	10
Firstrand Banking Group	BANKS	Paul Harris	5,250,000	16,453,000	213
Investec Bank	BANKS	Stephen Koseff	31,127,475	48,467,850	56
Aveng	CONSTRUCTION	Carl Grim	4,717,000	5,700,000	21
Cashbuild	CONSTRUCTION	Pat Goldrick	1,775,000	3,429,000	93
Group Five	CONSTRUCTION	HR Apton	5,969,000	8,387,000	41
Murray & Roberts	CONSTRUCTION	Brian Bruce	7,385,000	9,000,000	22
PPC	CONSTRUCTION	JE Gomersall	1,851,000	3,408,000	84
WBHO	CONSTRUCTION	Mike Wylie	2,901,000	4,709,000	62
Barloworld Limited	DIVERSIFIED HOLDINGS	CB Thomson	8,603,000	10,803,000	26
Hosken Consolodated Investmets	DIVERSIFIED HOLDINGS	John Anthony Copelyn	4,125,000	7,353,000	78
Remgro	DIVERSIFIED HOLDINGS	MH Visser	6,604,000	7,880,000	19
RMB Holdings	DIVERSIFIED HOLDINGS	Peter Cooper	6,168,000	7,506,000	22
Seardel Limited	DIVERSIFIED HOLDINGS	Aaron Searll	5,627,000	4,535,000	-19
Sekunjalo Investment Limited	DIVERSIFIED HOLDINGS	Iqbal Survé	6,088,000	9,080,000	49
Coronation Fund Managers	FINANCIAL	Thys Du Toit	20,329,000	7,369,000	-64
Liberty Life	FINANCIAL	Bruce hemphil	4,532,000	10,495,000	132
Sanlam	FINANCIAL	Johan van Zyl,	10,384,000	13,755,000	32
Anglo-Vaal Industries	FOOD AND BEVERAGE	Simon Crutchley	5,459,000	5,444,000	0
Crookes Brothers Limited	FOOD AND BEVERAGE	GS Clarke	2,370,000	2,364,000	0
Distell	FOOD AND BEVERAGE	JJ Scannell	3,465,000	4,113,000	19
Illovo Sugar	FOOD AND BEVERAGE	DG MacLeod	6,746,000	7,375,000	9
SAB Miller	FOOD AND BEVERAGE	EAG Mackay	29,462,263	35,557,652	21
Tiger Brands	FOOD AND BEVERAGE	Nick Dennis	11,104,000	8,033,000	-28
Aspen	HEALTH	Stephen Saad	6,404,000	6,470,000	1
Discovery Health	HEALTH	A Gore	3,300,000	3,673,000	11
Medi-Clinic	HEALTH	E da la H Hertzog	4,790,000	5,060,000	6
Network Healthcare Holdings	HEALTH	Richard Friedland	5,968,000	6,948,000	16
Afrox Oxygen	INDUSTRIAL/CHEMICALS	Tjaart Kruger	20,200,000	2,544,000	-87
Denel	INDUSTRIAL/CHEMICALS	S Liebenberg	6,254,000	7,393,000	18
Hudaco	INDUSTRIAL/CHEMICALS	Stephen Connelly	5,119,000	6,828,000	33
Invicta Holdings Limited	INDUSTRIAL/CHEMICALS	A Goldstone	1,115,000	5,685,000	410
Reunert	INDUSTRIAL/CHEMICALS	Gerrit Pretorius	6,172,000	6,917,000	12
Sasol	INDUSTRIAL/CHEMICALS	LPA Davies	7,808,000	12,084,000	55
Didata	INFORMATION & TELECOMS	Brett Dawson	9,775,880	13,352,700	37
Telkom Limited	INFORMATION & TELECOMS	Ag. Ruben September(Papi Molotsane's fugures have been used)	5,602,995	3,925,987	-30
African Rainbow Minerals	MINING	ANDRÉ WILKENS	2,903,000	5,616,000	93
AngloGold_Ashanti	MINING	Mark Cutifani	9,732,000	18,458,000	90
Angloplatinum	MINING	Norman Mbazima& Duncan Wanblad	7,012,302	9,535,748	36
Gold Fields	MINING	Ian Cockerill	7,364,647	8,255,460	12
Impala Platinum	MINING	David Brown	11,248,000	5,625,000	-50
Lonmin plc	MINING	Brad Mills	19,767,713	19,316,688	-2
Trans-Hex	MINING	Llewellyn Delport	2,502,000	2,743,000	10
Nampak	PAPER AND PACKAGING	GE Bortolan	7,872,570	8,692,370	10
Sappi	PAPER AND PACKAGING	E van As	10,992,694	5,945,357	-46
Foscini	RETAIL	DM Polak	7,586,500	3,851,000	-49
Pick 'n Pay Stores	RETAIL	Nick Badminton	11,578,100	10,616,600	-8
Shoprite Holdings	RETAIL	JW Basson	10,899,000	12,638,000	16
Truworths	RETAIL	Michael Mark	10,868,000	11,572,000	6
Woolworths Holdings	RETAIL	Simon Susman	8,206,000	9,542,000	16
Cargo Carriers	TRANSPORT	Murray Bolton & Garth Bolton (=1)	2,187,000	2,926,000	34
Imperial Holdings	TRANSPORT	Hubert Brody(WG Lynch left in	4,779,000	4,102,000	-14
Super Group	TRANSPORT	Larry Lipschitz	7,914,954	8,400,958	6
% Average Increase			**423,149,092**	**475,617,370**	**12**
Average Annual Increase (Rands)			**7,983,945**	**8,973,913**	**989,968**
Average Monthly Increase (Rands)			**665,329**	**747,826**	**82,497**

APPENDIX 17: CEO Bonuses and Share Options (2007)

		CEO (Name)	Pay 2007 (incl. bonus)	Bonus 2007 (without bonus)	Pay 2007	Bonus as % of Pay
African Bank Investments	BANKS	Leon Kirkinis	5,684,000	3,500,000	2,184,000	160
Firstrand Banking Group	BANKS	Paul Harris	16,453,000	11,750,000	4,703,000	250
Investec Bank	BANKS	Stephen Koseff	48,467,850	43,035,500	5,432,350	792
Aveng	CONSTRUCTION	Carl Grim	5,700,000	2,000,000	3,700,000	54
Group Five	CONSTRUCTION	HR Apton	8,387,000	5,953,000	2,434,000	245
Murray & Roberts	CONSTRUCTION	Brian Bruce	9,000,000	5,500,000	3,500,000	157
PPC	CONSTRUCTION	JE Gomersall	3,408,000	1,960,000	1,448,000	135
Cash Build	CONSTRUCTION	Pat Goldrick	3,429,000	1,484,000	1,945,000	76
WBHO	CONSTRUCTION	Mike Wylie	4,709,000	3,299,000	1,410,000	234
Barloworld Limited	DIVERSIFIED HOLDINGS	CB Thomson	10,803,000	5,258,000	5,545,000	90
Hosken Consolodated Investmets	DIVERSIFIED HOLDINGS	John Anthony Copelyn	7,353,000	5,487,000	1,866,000	294
RMB Holdings	DIVERSIFIED HOLDINGS	Peter Cooper	7,506,000	5,000,000	2,506,000	200
Seardel Limited	DIVERSIFIED HOLDINGS	Aaron Searll	4,535,000	1,806,000	2,729,000	66
Coronation Fund Managers	FINANCIAL	Thys Du Toit	7,369,000	5,607,000	1,762,000	318
Liberty Life	FINANCIAL	Bruce hemphil	10,495,000	7,500,000	2,995,000	250
Sanlam	FINANCIAL	Johan van Zyl,	13,755,000	9,214,000	4,541,000	203
Anglo-Vaal Industries	FOOD AND BEVERAGE	Simon Crutchley	5,444,000	1,002,000	4,442,000	23
Crookes Brothers Limited	FOOD AND BEVERAGE	GS Clarke	2,364,000	560,000	1,804,000	31
Distell	FOOD AND BEVERAGE	JJ Scannell	4,113,000	990,000	3,123,000	32
Illovo Sugar	FOOD AND BEVERAGE	DG MacLeod	7,375,000	3,647,000	3,728,000	98
SAB Miller	FOOD AND BEVERAGE	EAG Mackay	35,557,652	20,459,500	15,098,152	136
Aspen	HEALTH	Stephen Saad	6,470,000	2,921,000	3,549,000	82
Discovery Health	HEALTH	A Gore	3,673,000	1,523,000	2,150,000	71
Medi-Clinic	HEALTH	E da la H Hertzog	5,060,000	2,645,000	2,415,000	110
Network Healthcare Holdings	HEALTH	Richard Friedland	6,948,000	2,500,000	4,448,000	56
Denel	INDUSTRIAL/CHEMICALS	S Liebenberg	7,393,000	3,250,000	4,143,000	78
Hudaco	INDUSTRIAL/CHEMICALS	Stephen Connelly	6,828,000	3,322,000	3,506,000	95
Invicta Holdings Limited	INDUSTRIAL/CHEMICALS	A Goldstone	5,685,000	3,927,000	1,758,000	223
Reunert	INDUSTRIAL/CHEMICALS	Gerrit Pretorius	6,917,000	3,773,000	3,144,000	120
Sasol	INDUSTRIAL/CHEMICALS	LPA Davies	12,084,000	5,739,000	6,345,000	90
Didata	INFORMATION & TELECOMS	Brett Dawson	13,352,700	8,713,800	4,638,900	188
African Rainbow Minerals	MINING	ANDRÉ WILKENS	5,616,000	2,992,000	2,624,000	114
AngloGold_Ashanti	MINING	Mark Cutifani	18,458,000	963,000	17,495,000	6
Angloplatinum	MINING	Norman Mbazima& Duncan Wanblad	9,535,748	2,923,666	6,612,082	44
Gold Fields	MINING	Ian Cockerill	8,255,460	2,491,717	5,763,743	43
Impala Platinum	MINING	David Brown	5,625,000	345,000	5,280,000	7
Lonmin plc	MINING	Brad Mills	19,316,688	2,098,947	17,217,741	12
Trans-Hex	MINING	Llewellyn Delport	2,743,000	1,014,000	1,729,000	59
Nampak	PAPER AND PACKAGING	GE Bortolan	8,692,730	4,381,845	4,310,885	102
Truworths	RETAIL	Michael Mark	11,572,000	5,800,000	5,772,000	100
Woolworths Holdings	RETAIL	Simon Susman	9,542,000	3,369,000	6,173,000	55
Cargo Carriers	TRANSPORT	Murray Bolton & Garth Bolton (=1)	2,926,000	745,000	2,181,000	34
Imperial Holdings	TRANSPORT	Hubert Brody	4,102,000	1,500,000	2,602,000	58
Super Group	TRANSPORT	Larry Lipschitz	8,400,958	3,565,528	8,400,910	42
Average % Bonus (for 49 CEOs that received Bonuses)			**411,103,786**	**215,515,503**	**195,588,283**	**110**

Company	Sector	CEO (Name)	Pay 2007 Exercised (including bonus)	Share Options 2007 (not included in Pay)
Firstrand Banking Group	BANKS	Paul Harris	13,433,000	7,454,392
Barloworld Limited	DIVERSIFIED HOLDINGS	CB Thomson	14,647,000	3,844,000
Network Healthcare Holdings	HEALTH	RH Friedland	6,948,000	401,000
Reunert	INDUSTRIAL/CHEMICALS	Gerrit Pretorius	6,917,000	3,863,000
Illovo Sugar	FOOD AND BEVERAGE	DG MacLeod	11,022,000	17,770,000
Impala Platinum	MINING	David Brown	5,625,000	5,019,000

APPENDIX 18: Company performance in 2007

Company	Sector	2006	2007	% Increase
African Bank Investments	BANKS	1,829,000,000	2,129,000,000	16
Firstrand Banking Group	BANKS	15,028,000,000	18,799,000,000	25
Investec Bank	BANKS	5,512,300,000	6,619,763,294	20
Nedbank Group	BANKS	6,994,000,000	8,984,000,000	28
Aveng	CONSTRUCTION	787,100,000	7,952,800,000	910
Cashbuild	CONSTRUCTION	135,413,000	191,671,000	42
Group Five	CONSTRUCTION	140,973,000	373,291,000	165
Murray & Roberts	CONSTRUCTION	676,000,000	1,311,900,000	94
PPC	CONSTRUCTION	1,876,000,000	2,194,000,000	17
WBHO	CONSTRUCTION	304,614,000	446,303,000	47
Barloworld Limited	DIVERSIFIED HOLDINGS	2,216,000,000	2,324,000,000	5
Hosken Consolodated Inv.	DIVERSIFIED HOLDINGS	487,371,000	1,319,198,000	171
Remgro	DIVERSIFIED HOLDINGS	5,103,000,000	1,527,000,000	-70
RMB Holdings	DIVERSIFIED HOLDINGS	3,563,100,000	4,710,400,000	32
Seardel Limited	DIVERSIFIED HOLDINGS	105,258,000	51,617,000	-51
Sekunjalo Investment Limited	DIVERSIFIED HOLDINGS	86,812,000	174,105,000	101
Coronation Fund Managers	FINANCIAL	337,661,000	480,855,000	42
Liberty Life	FINANCIAL	5,413,000,000	5,454,000,000	1
Sanlam	FINANCIAL	11,075,000,000	9,040,000,000	-18
Anglo-Vaal Industries	FOOD AND BEVERAGE	460,900,000	717,800,000	56
Crookes Brothers Limited	FOOD AND BEVERAGE	40,341,000	41,867,000	4
Distell	FOOD AND BEVERAGE	806,144,000	1,212,117,000	50
Illovo Sugar	FOOD AND BEVERAGE	654,100,000	942,100,000	44
SAB Miller	FOOD AND BEVERAGE	16,606,810,000	19,768,200,000	19
Tiger Brands	FOOD AND BEVERAGE	2,068,100,000	2,467,900,000	19
Aspen	HEALTH	853,914,000	1,009,384,000	18
Discovery Health	HEALTH	1,076,000,000	1,458,000,000	36
Medi-Clinic	HEALTH	860,000,000	963,000,000	12
Network Healthcare Holdings	HEALTH	679,000,000	887,000,000	31
Afrox Oxygen	INDUSTRIAL/CHEMICALS	1,070,000,000	963,000,000	-10
Denel	INDUSTRIAL/CHEMICALS	-1,291,400,000	-500,900,000	
Hudaco	INDUSTRIAL/CHEMICALS	232,011,000	275,348,000	19
Invicta Holdings Limited	INDUSTRIAL/CHEMICALS	178,687,000	255,828,000	43
Reunert	INDUSTRIAL/CHEMICALS	1,339,200,000	92,590,000	-93
Sasol	INDUSTRIAL/CHEMICALS	17,116,000,000	25,703,000,000	50
Didata	INFO & TELECOMS	442,893,400	1,061,060,250	140
Telkom Limited	INFO & TELECOMS	13,851,000,000	13,580,000,000	-2
African Rainbow Minerals	MINING	1,141,000,000	2,192,000,000	92
AngloGold Ashanti	MINING	859,000,000	-3,015,000,000	-451
Angloplatinum	MINING	16,714,000,000	19,323,000,000	16
Gold Fields Group	MINING	2,795,500,000	4,206,200,000	50
Impala Platinum	MINING	6,996,100,000	11,220,000,000	60
Lonmin plc	MINING	4,285,410,000	4,970,250,000	16
Trans-Hex	MINING	-128,045,000	105,186,000	
Nampak	PAPER AND PACKAGING	1,420,000,000	1,441,700,000	2
Sappi	PAPER AND PACKAGING	-33,000,000	1,755,450,000	
Foschini	RETAIL	1,488,200,000	1,782,300,000	20
Pick 'n Pay Stores	RETAIL	1,087,600,000	1,205,300,000	11
Shoprite Holdings	RETAIL	1,434,575,000	1,708,114,000	19
Truworths	RETAIL	1,244,000,000	1,617,000,000	30
Woolworths Holdings	RETAIL	1,246,400,000	1,521,400,000	22
Cargo Carriers	TRANSPORT	41,416,000	39,460,000	-5
Imperial Holdings	TRANSPORT	3,719,000,000	4,315,000,000	16
Super Group	TRANSPORT	541,667,000	605,031,000	12
Total Net Profit		**163,567,125,400**	**199,972,588,544**	**22**
Average Increase		**3,029,020,841**	**3,703,196,084**	**22**

Notes:

Blanks indicate that in either one or both years the company experienced a loss and therefore the % increase of profit could not be calculated. Negative percentages indicate that the company performance did make a net profit before tax in 2007, however, the profit was less than in 2006 by the percentage given.

APPENDIX 19: Construction Sector

CEO

Company	CEO (Name)	2006 Remuneration	2007 Remuneration	% Increase	Bonus 2007 (Included in Pay)
Aveng	Carl Grim	4,717,000	5,700,000	**21**	2,000,000
Cashbuild	Pat Goldrick	1,775,000	3,429,000	**93**	1,484,000
Group Five	HR Apton	5,969,000	8,387,000	**41**	5,953,000
Murray & Roberts	Brian Bruce	7,385,000	9,000,000	**22**	5,500,000
PPC	JE Gomersall	1,851,000	3,408,000	**84**	1,960,000
WBHO	Mike Wylie	2,901,000	4,709,000	**62**	1,484,000
Average % Increase		24,598,000	34,633,000	**41**	
Average Annual Increase (Rands)		4,099,667	5,772,167	**1,672,500**	
Average Montly Increase (Rands)		341,639	481,014	**139,375**	

Executive Directors

Company	Exec Dir. 2006	Exec Dir. 2007	Total 2006	Total 2007	Ave. 2006	Ave. 2007	% Incr.
Aveng	5	4	21,565,000	23,781,000	4,313,000	5,945,250	38
Cashbuild	4	5	6,154,000	9,285,000	1,538,500	1,857,000	21
Group Five	2	3	9,142,000	15,707,000	4,571,000	5,235,667	15
Murray & Roberts	5	5	23,326,000	26,850,000	4,665,200	5,370,000	15
PPC	5	5	11,416,000	14,769,000	2,283,200	2,953,800	29
WBHO	3	2	4,945,000	6,674,000	1,648,333	3,337,000	102
Average % Increase	21	22	76,548,000	97,066,000	3,645,143	4,412,091	**21**
Average Annual Increase (Rands)					3,645,143	4,412,091	**766,948**
Average Monthly Increase (Rands)					303,762	367,674	**63,912**

Non Executive Directors

Company	Non Exec. 2006	Non Exec. 2007	Total 2006	Total 2007	Ave. 2006	Ave. 2007	% Inc.
Aveng	8	7	1,921,000	2,781,000	240,125	397,286	65
Cashbuild	4	4	1,025,000	1,094,000	256,250	273,500	7
Group Five	6	7	1,382,000	1,325,000	230,333	189,286	-18
Murray & Roberts	10	10	2,135,000	2,559,000	213,500	255,900	20
PPC	7	8	896,000	958,000	128,000	119,750	-6
WBHO	3	5	254,000	545,000	84,667	109,000	29
Average % Increase	35	36	7,613,000	9,262,000	217,514	257,278	**18**
Average Annual Increase (Rands)					217,514	257,278	**39,763**
Average Monthly Increase (Rands)					18,126	21,440	**3,314**

Company Performance

Company	NPBT 2006	NPBT 2007	% Increase
Aveng	787,100,000	7,952,800,000	910
Cashbuild	135,413,000	191,671,000	42
Group Five	140,973,000	373,291,000	165
Murray & Roberts	676,000,000	1,311,900,000	94
PPC	1,876,000,000	2,173,000,000	16
WBHO	304,614,000	446,303,000	47
Company Performance (%)	3,920,100,000	12,448,965,000	**218**

APPENDIX 20: Food & Beverage Sector

CEO

Company	CEO (Name)	2006 Remuneration	2007 Remuneration	% Increase	Bonus 2007 (Included in Pay)
Anglo-Vaal Industries	Simon Crutchley	5,459,000	5,444,000	**0**	1,002,000
Crookes Brothers Limited	GS Clarke	2,370,000	2,364,000	**0**	560,000
Distell	JJ Scannell	3,465,000	4,113,000	**19**	990,000
Illovo Sugar	DG MacLeod	6,746,000	7,375,000	**9**	3,647,000
SAB Miller	EAG Mackay	29,462,263	35,557,652	**21**	20,459,500
Tiger Brands	Nick Dennis	11,104,000	8,033,000	**-28**	0
Average % Increase		58,606,263	62,886,652	**7**	
Average Annual Increase (Rands)		9,767,711	10,481,109	**713,398**	
Average Montly Increase (Rands)		813,976	873,426	**59,450**	

Executive Directors

Company	Exec Dir. 2006	Exec Dir. 2007	Total 2006	Total 2007	Ave. 2006	Ave. 2007	% Incr.
Anglo-Vaal Industries	5	3	10,601,000	10,135,000	2,120,200	3,378,333	59
Crookes Brothers Limited	1	2	2,370,000	3,747,000	2,370,000	1,873,500	-21
Distell	3	3	6,682,000	7,825,000	2,227,333	2,608,333	17
Illovo Sugar	7	7	22,923,000	23,299,000	3,274,714	3,328,429	2
SAB Miller	2	2	44,221,500	53,790,974	22,110,750	26,895,487	22
Tiger Brands	6	5	30,321,000	19,094,000	5,053,500	3,818,800	-24
Average % Increase	24	22	**117,118,500**	117,890,974	4,879,938	5,358,681	**10**
Average Annual Increase (Rands)					4,879,938	5,358,681	**478,743**
Average Monthly Increase (Rands)					406,661	446,557	**39,895**

Non Executive Director

Company	Non Exec. 2006	Non Exec. 2007	Total 2006	Total 2007	Ave.2006	Ave.2007	% Inc.
Anglo-Vaal Industries	11	9	1,443,000	1,330,000	131,182	147,778	13
Crookes Brothers Ltd	6	8	644,000	747,000	107,333	93,375	-13
Distell	13	14	1,238,000	1,654,000	95,231	118,143	24
Illovo Sugar	8	8	2,269,000	2,740,000	283,625	342,500	21
SAB Miller	10	10	7,232,575	11,091,024	723,258	1,109,102	53
Tiger Brands	12	12	3,215,000	2,812,000	267,917	234,333	-13
Average % Increase	60	61	16,041,575	20,374,024	267,360	334,000	**25**
Average Annual Increase (Rands)					267,360	334,000	**66,641**
Average Monthly Increase (Rands)					22,280	27,833	**5,553**

Company Performance

Company	NPBT 2006	NPBT 2007	% Increase
Anglo-Vaal Industries	460,900,000	717,900,000	56
Crookes Brothers Limited	40,341,000	41,867,000	4
Distell	806,144,000	1,212,117,000	50
Illovo Sugar	654,100,000	942,100,000	44
SAB Miller	16,606,810,000	19,798,200,000	19
Tiger Brands	2,068,100	2,467,900	19
Company Performance (%)	18,570,363,100	22,714,651,900	**22**

APPENDIX 21: Mining Sector

CEO

Company	CEO (Name)	2006 Remuneration	2007 Remuneration	% Increase	Bonus 2007 (Included in Pay)	Exercised Share Options 2007 (not included in Pay)
African Rainbow Minerals	ANDRÉ WILKENS	2,903,000	5,616,000	93	2,992,000	
AngloGold_Ashanti	M Cutifani	9,732,000	18,458,000	90	963,000	2,197,000
Angloplatinum	Ralph Havenstein	7,012,302	9,535,748	36	2,923,666,000	14,794,471
Gold Fields	ID Cockerill	7,364,647	8,255,460	12	2,491,717	24,500,000
Impala Platinum	David Brown	11,248,000	5,625,000	-50	345,000	3,072,000
Lonmin plc	Brad Mills	19,767,713	19,316,688	-2	2,098,947	
Trans-Hex	Llewellyn Delport	2,502,000	2,743,000	10	1,014,000	
Average % increase		60,529,662	69,549,896	**15**		
Average Annual increase (Rands)		8,647,095	9,935,699	**1,288,605**		
Average Monthly Increase (Rands)		720,591	827,975	**107,384**		

Executive Directors

Company	Exec Dir. 2006	Exec Dir. 2007	Total 2006	Total 2007	Ave.2006	Ave.2007	% Incr.
African Rainbow Minerals	7	7	14,637,000	31,179,000	2,091,000	4,454,143	113
AngloGold_Ashanti	5	5	31,278,000	98,509,000	6,255,600	19,701,800	215
Angloplatinum	10	10	33,012,699	51,325,762	3,301,270	5,132,576	55
Gold Fields Group	2	2	12,458,295	13,395,522	6,229,148	6,697,761	8
Impala Platinum	5	6	34,156,000	27,361,000	6,831,200	4,560,167	-33
Lonmin plc	2	3	35,078,574	30,319,427	17,539,287	10,106,476	-42
Trans-Hex	3	2	5,375,000	4,496,000	1,791,667	2,248,000	25
Average % Increase	34	35	165,995,568	256,585,711	4,882,223	7,331,020	**50**
Average Annual Increase (Rands)					4,882,223	7,331,020	**2,448,798**
Average Monthly Increase (Rands)					406,852	610,918	**204,066**

Non-Executive Directors

Company	Exec Dir. 2006	Exec Dir. 2007	Total 2006	Total 2007	Ave.2006	Ave.2007	% Incr.
African Rainbow Minerals	11	9	2,719,000	1,740,000	247,182	193,333	-22
AngloGold_Ashanti	15	16	4,053,000	4,984,000	270,200	311,500	15
Angloplatinum	17	16	3,260,785	3,114,675	191,811	194,667	1
Gold Fields	11	12	4,154,774	4,585,604	377,707	382,134	1
Impala Platinum	8	9	2,975,000	3,578,000	371,875	397,556	7
Lonmin plc	6	8	7,038,625	8,716,734	1,173,104	1,089,592	-7
Trans-Hex	10	8	530,000	751,000	53,000	93,875	77
Average % Increase	78	78	24,731,184	27,470,013	317,066	352,180	**11**
Average Annual Increase (Rands)					317,066	352,180	**35,113**
Average Monthly Increase (Rands)					26,422	29,348	**2,926**

Company Performance

Company	NPBT 2006	NPBT 2007	% Increase
African Rainbow Minerals	1,141,000,000	2,192,000,000	92
AngloGold Ashanti	859,000,000	-3,015,000,000	-451
Angloplatinum	16,714,000,000	19,323,000,000	16
Gold Fields Group	2,795,500,000	4,206,200,000	50
Impala Platinum	6,996,000,000	11,220,000,000	60
Lonmin plc	4,285,410,000	4,970,250,000	16
Trans-Hex	-128,045,000	105,186,000	-182
Average % Increase	32,662,865,000	39,001,636,000	**19**

APPENDIX 22: Retail Sector

CEO

Company	CEO (Name)	2006 Remuneration	2007 Remuneration	% Increase	Bonus 2007 (Included in Pay)
Foschini	DM Polak	7,586,500	3,851,000	**-49**	0
Pick 'n Pay Stores	Nick Badminton	11,578,100	10,616,000	**-8**	0
Shoprite Holdings	JW Basson	10,899,000	12,638,000	**16**	0
Truworths	Michael Mark	10,868,000	11,572,000	**6**	5,800,000
Woolworths Holdings	Simon Susman	8,206,000	9,542,000	**16**	3,369,000
Average % Increase		49,137,600	48,219,000	**-2**	
Average Annual Increase (Rands)		9,827,520	9,643,800	**-183,720**	
Average Montly Increase (Rands)		818,960	803,650	**-15,310**	

Executive Directors

Company	Exec Dir. 2006	Exec Dir. 2007	Total 2006	Total 2007	Ave.2006	Ave.2007	% Incr.
Foschini	2	2	11,329,600	5,833,400	5,664,800	2,916,700	-49
Pick 'n Pay Stores	5	5	25,171,900	25,705,000	5,034,380	5,141,000	2
Shoprite Holdings	7	7	25,843,000	35,539,000	3,691,857	5,077,000	38
Truworths	3	3	15,888,000	17,168,000	5,296,000	5,722,667	8
Woolworths Holdings	3	5	16,450,000	26,443,000	5,483,333	5,288,600	-4
Average % Increase	20	22	94,682,500	110,688,400	4,734,125	5,031,291	**6**
Average Annual Increase (Rands)					4,734,125	5,031,291	**297,166**
Average Monthly Increase (Rands)					394,510	419,274	**24,764**

Non-Executive Directors

Company	Non Exec. 2006	Non Exec. 2007	Total 2006	Total 2007	Ave.2006	Ave.2007	% Inc.
Foschini	8	8	1,392,500	1,887,500	174,063	235,938	36
Pick 'n Pay Stores	7	7	2,740,000	2,850,000	391,429	407,143	4
Shoprite	6	6	658,000	658,000	109,667	109,667	0
Truworths	5	6	768,000	885,000	153,600	147,500	-4
Woolworths Holdings	8	8	2,403,000	2,784,000	300,375	348,000	16
Average % Increase	34	35	7,961,500	9,064,500	234,162	258,986	**11**
Average Annual Increase (Rands)					234,162	258,986	**24,824**
Average Monthly Increase (Rands)					19,513	21,582	**2,069**

Company Performance

Company	NPBT 2007	NPBT 2006	% Increase
Foschini	1,488,200,000	1,782,300,000	20
Pick 'n Pay Stores	1,087,600,000	1,205,300,000	11
Shoprite Holdings	1,434,575,000	1,708,114,000	19
Truworths	1,244,000,000	1,617,000,000	30
Woolworths Holdings	1,246,000,000	1,521,400,000	22
Company Performance (%)	6,500,375,000	7,834,114,000	**21**

Appendix 23: Transport Sector

CEO

Company	CEO (Name)	2006 Remuneration	2007 Remuneration	% Increase	Bonus 2007 (Included in Pay)	Exercised Share Options 2007 (not included in Pay)
Cargo Carriers	M. Bolton & G Bolton (counted as one)	2,187,000	2,926,000	**34**	745,000	
Imperial Holdings	Hubert Brody(WG Lynch left in	4,779,000	4,102,000	**-14**	1,500,000	21,520,000
Super Group	Larry Lipschitz	7,914,954	8,400,958	**6**	3,565,528	
Average % Increase		14,880,954	15,428,958	**4**		
Average Annual Increase (Rands)		4,960,318	5,142,986	**182,668**		
Average Montly Increase (Rands)		3	428,582	**15,222**		

Executive Directors

Company	Exec Dir. 2006	Exec Dir. 2007	Total 2006	Total 2007	Ave.2006	Ave.2007	% Incr.
Cargo Carriers	2	2	2,926,000	2,187,000	1,463,000	1,093,500	-25
Imperial Holdings	7	8	35,473,000	40,281,000	5,067,571	5,035,125	-1
Super Group	6	4	22,518,526	20,489,895	3,753,088	5,122,474	36
Average % Increase	15	14	**60,917,526**	62,957,895	4,061,168	4,496,993	**11**
Average Annual Increase (Rands)					4,061,168	4,496,993	**435,824**
Average Monthly Increase (Rands)					338,431	374,749	**36,319**

Non-Executive Directors

Company	Non Exec. 2006	Non Exec. 2007	Total 2006	Total 2007	Ave.2006	Ave.2007	% Inc.
Cargo Carriers	4	4	390,000	390,000	97,500	97,500	0
Imperial Holdings	12	13	3,386,000	4,240,000	282,167	326,154	16
Super Group	8	6	2,242,217	2,159,668	280,277	359,945	28
Average % Increase	24	23	6,018,217	6,789,668	250,759	295,203	**18**
Average Annual Increase (Rands)					250,759	295,203	**44,444**
Average Monthly Increase (Rands)					20,897	24,600	**3,704**

Company Performance

Company	NPBT 2006	NPBT 2007	% Increase
Cargo Carriers	41,416,000	39,460,000	-5
Imperial Holdings	3,719,000,000	4,315,000,000	16
Super Group	541,667,000	605,031,000	12
Company Performance (%)	4,302,083,000	4,959,491,000	**15**

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