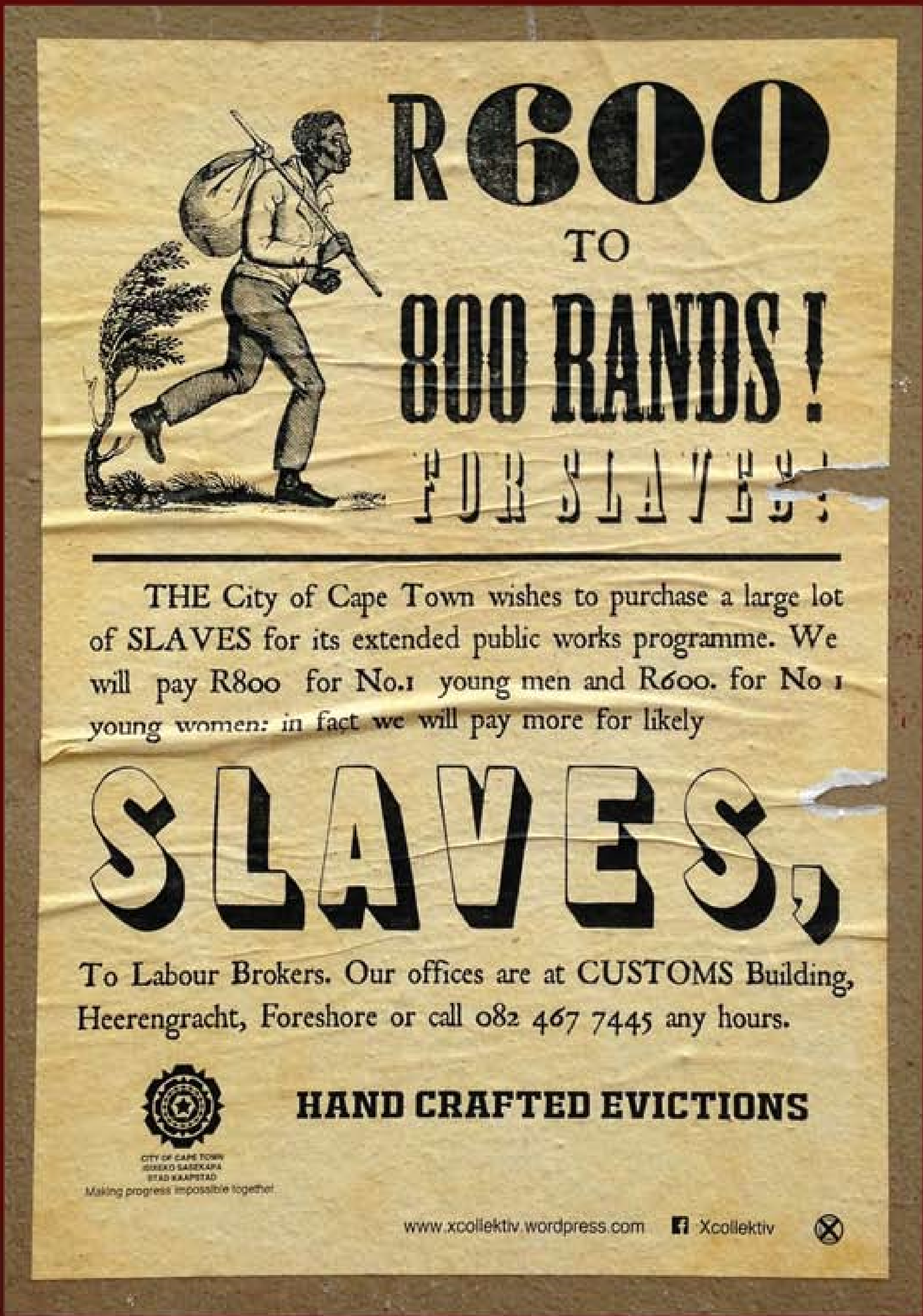
Bargaining Indicators 2015



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BARGAINING INDICATORS

FOREWORD

> *"Imagine that it were possible to assemble all of the unemployed in one place and then to tell them this: The employed people in your lives upon whom you rely to put food on your tables should not get higher wages and should be easier to retrench because this will make it more likely that you will find a job" (Steinberg, 2015).*

The 15th edition of *Bargaining Indicators* has as its theme the prospect of a national minimum wage for South Africa; a country built on racially based low wage employment. As I write this, a national minimum wage is the subject of negotiation between the social partners at the National Economic Development and Labour Council (NEDLAC). There is little evidence that the issue has been the subject of mass education and debate within the trade union movement and this certainly weakens the hand of labour.

History shows us that a meaningful shift in policy and practice is only possible when a critical mass within society has developed an opinion around which they can mobilise. This edition of *Bargaining Indicators* seeks to bring a working class perspective to the debate and is an invitation to activists within the trade union movement and those within broader civil society to learn and to facilitate the learning of others on an issue that is central to the lived experience of millions of workers in South Africa, be they employed or unemployed.

Trenton Elsley
Executive Director
Labour Research Service
October 2015

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INTRODUCTION

In many countries the national minimum wage is set at 35 - 45% of the national average wage or 40 - 60% of the median wage. In South Africa, this would translate into a national minimum wage of around R6, 000 or R1, 650 respectively. These statistics capture the highly unequal distribution of wages that bedevil our efforts to develop a wage floor in South Africa. In the chapter, ***At What Level Do We Fix A National Minimum Wage In South Africa?***, Eddie Cottle scans the wage landscape and attempts to find a workable level for a national minimum wage (NMW). He points out that struggles for a NMW began in the 1930s and there has not been a NMW in South Africa to date. It was only after the farmworkers' and Marikana mine workers' revolts in 2012 that the South African government mooted the introduction of a NMW. He argues that, if the primary goal of the minimum wage policy is to lift people out of poverty, then the NMW must be universal and be above the poverty line. The minimum wage policy should take into consideration the concern that a high NMW may increase unemployment. It should take into account the differences between conditions in economic sectors involved in the export sector and those in the domestic market, the differences between sectors facing different profitability levels as well as the issue of a living wage based upon a working class family being able to afford a low-cost house.

The Gap Between A Minimum Wage And A Living Wage In South Africa describes what incomes might mean for the quality of life of an individual and a household. Trenton Elsley argues that the work on which this chapter draws offers us a conception of a decent living level that is both scientific and socially derived. The report suggests that a decent living level is far removed from existing wage levels in South Africa. The current median minimum wage for domestic workers of about R1, 600 per month is associated with having or enjoying less than half of the socially accepted necessities.

The mainstream debate around a national minimum wage for South Africa is a crude one dominated by concerns about the employment effect of wage levels, with little regard for the lived experience of the majority of households in South Africa. This is not entirely the fault of the social partners. The fact is that there are no decent measures of what constitutes a decent living level in South Africa. This chapter therefore attempts to contribute to a broader discussion of what poor and working class people themselves regard as a decent living level and what other kinds of considerations need to be taken into account when determining a national minimum wage.

How Can A Minimum Wage Contribute To Narrowing The Gender Pay Gap?
Nina Benjamin reminds us that, in South Africa, women earn on average 38% less than men according to the World Economic Forum's 2014 Global Gender Gap Report that ranks South Africa 83 out of 142 countries. She argues that there are forms of indirect discrimination that cannot be addressed by legislation alone. There is, for example, the perception that certain kinds of work are "women's work", for example, care work, and the skills and competencies associated with this kind of work are often undervalued. Women are also generally responsible for the bulk of unpaid reproductive work.

Benjamin says that to achieve equal pay requires equality legislation, policies and programmes aimed at combatting discriminatory practices and gender-based stereotypes about the value of women's work, publically funded services for supporting care work and a wage that enables both men and women to take care of their families. She argues that a national minimum wage could provide women workers, who find themselves in mostly low paid, undervalued jobs with increased protection and in turn decrease the gender gap with men who are more likely to be located in higher paid forms of employment in sectors like manufacturing and mining.

The South Africa Collective Bargaining Review 2014 is a detailed map of wage setting outcomes in South Africa in 2014 by industry, sector and bargaining level and includes bargaining councils, sectoral determinations and bilateral agreements struck between companies and trade unions. George Mthethwa tells us that the median minimum wage outcome in South Africa was about R3, 500 per month, ranging from a little over R2, 200 in sectoral determinations to about R3, 300 for bargaining councils and R3, 900 in bilateral collective bargaining agreements.

The aim of the chapter is to assist negotiators in future bargaining rounds by developing their understanding of nominal wages, real wages and inflation.

Maximum Wages: The LRS Report on Directors' Fees 2015 provides trade union representatives with one of the more detailed investigations into executive pay in South Africa and guarantees that the reader will come away with a better understanding of how much executives are actually paid and how their pay is structured.

Executive directors and CEOs earn R815, 000 and R1, 280, 000 on average per month respectively, excluding long-term incentives. The wage gap ranges from 204:1 for executives to 320:1 for CEOs. Michelle Taal argues that executive pay is understated and that long-term incentive payments to a CEO can be 1000% greater than the CEO's salary.

The author calls for more structured and transparent reporting on executive pay, a detailed breakdown of the quality of jobs that companies claim to create and an improved analysis of the real wage gap in company reports in order that we might better assess the socio-economic contribution of large corporations.

The National Minimum Wage Debate is a briefing paper of the Parliamentary Liaison Office of the Southern African Catholic Bishops' Conference. Mayibuye Magwaza provides a crisp overview of the debate on the national minimum wage and discusses some of the economic concepts commonly invoked in these debates. It is an entry point for anyone not already familiar with the national minimum wage debate.

Those who view low inflation, tight deficits and loose regulation as key indicators might deem macro-economic policy in South Africa since 1994 a success. ***20 Years Of Neo-Liberal Macro-Economic Policies In South Africa*** analyses investment, gross domestic product, employment and wages to try and understand how success can be achieved even though South Africa's population is poorer, less likely to be employed and inequality has increased exponentially. Niall Reddy argues that the economy cannot be judged in abstraction of human needs.

Niall Reddy challenges the perception that a large section of formal sector workers have been the key beneficiaries of the post-apartheid period through powerful unions and high wages that are responsible for unemployment. The author argues that the reality is quite contrary and that post-apartheid macroeconomic policy has been good to capital. Only a sliver of the highest earning, white collar workers, have derived real benefits from the post-apartheid economy, while the broader working class relate to the economy through precariousness and stagnating wages.

From A Living Wage to Working Class Counter-Power argues that a real change in society will not arise from a simple collection of partial struggles and victories. Lucian van der Walt says that there are no short cuts, since this project requires widespread mobilisation and conscientisation. There needs to be a quantitative (in terms of numbers and structures) and qualitative change (in terms of growing mass confidence, organisation, consciousness and power). The author says this requires careful work, not a leap of faith and that the small struggles are the foundation of the great struggle, not a rival, not a substitute, but only a step in the right direction.

At What Level Should a National Minimum Wage in South Africa Be Fixed?

By Eddie Cottle

The struggle for a National Minimum Wage (NMW) in South Africa has a long history, having been waged, largely by organised worker formations, since the 1930s. These efforts have taken various forms from open class conflict to more subdued trade union representations to the various governments of the day. Most of these representations by the labour movement to government were made for the introduction of a NMW system that would enforce a minimum wage across all industries covering the length and breadth of the country (South Africa (Republic) 1983: 1). It was only after the Marikana Massacre and farm workers' revolt of 2012 that the African National Congress led government decided to revisit the introduction of a national minimum wage, initially through agreeing to an investigation.

The contents of various reports of task teams have not been made public and the rank and file members of the trade unions have not been involved in democratic processes to decide where to fix a national minimum wage. The following section outlines the issues we think should be taken into consideration in determining a NMW for South Africa. The main consideration should be the poverty line of R2, 648 per month for a household as the primary goal of any minimum wage policy is to increase the incomes of those at the very bottom of the wage scale and, in so doing, lift them out of poverty. We should also consider that the majority of workers' incomes are being determined solely by the employer as 69% or 8 million formal sector workers are not directly covered by any form of collective bargaining. Only 31% or 3.6 million workers benefit from some form of collective bargaining (South Africa (Republic), 2014:4-27).

The NMW must therefore, by its very nature, be universal. This is so that it can enable the lowest paid worker, most of whom are women, but all workers, regardless of their location in a particular sector or industry, to be lifted out of lifelong poverty.

In many countries the NMW is set using the figure of 35 - 45% of the national average wage or 40 - 60% of the median wage (Belser & Sobeck, 2012: 121-122). According to Statistics South Africa's Quarterly Employment Statistics (QES), the average monthly income for the formal non-agricultural sector was R16, 470 in November 2014. In South Africa, the average minimum wage, based on the average wage level, would therefore be somewhere between R5, 766 and R7, 412. If the minimum wage would be based on 50 - 60% of the median wage of R3, 033, it would result in a wage of R1, 517 - R1, 820. Clearly, using the average and median wage as the rate at which to fix a NMW would either be too high (as it almost exceeds the highest minimum for all industries) or too low (since it is below the poverty line) and would leave the majority of workers trapped in poverty. On the other hand, using the national median wage of R3, 033 would clearly mean setting it too close to the household poverty level of R2, 648 per month. Another suggestion could be to fix the NMW in relation to the Labour Research Service's median minimum wage amount of R3, 600 per month for all industries (LRS, AWARD, 2015).

There is much concern that a high NMW may increase unemployment and that there is a difference between conditions for economic sectors involved in the export sector and those that essentially serve the domestic market. A NMW that is fixed at a level that is considered too high might lead to considerable retrenchments in the agricultural sector. In the famous 2012 farm workers' revolt in the Western Cape farm workers demanded a minimum wage of R3, 000 and on the other hand the Marikana (platinum mining) striking workers demanded a living wage of R12, 500. What is important is that workers themselves have their own perspective on what their needs are and what a minimum wage and a living wage should be regardless of what certain experts may argue.

In broader terms the figure of R3, 000 in 2012 was what farm workers felt would take them out of a poverty wage and provide a minimum wage they could live on. Would it therefore be feasible to use the LRS median minimum wage of R3, 600 as a benchmark for all industries to fix a NMW in 2015 or is it still too close to the poverty level?

Finally, we cannot set a benchmark for the NMW without first examining the most important benchmark for workers themselves. This consists of a living wage which should be based on any working class family being able to afford a low cost house and is called a housing-based living wage. According to LRS (1989:2), a housing-based living wage is premised on important assumptions, namely:

1. That housing is the largest item of expenditure in household income and
2. That a living wage can be derived from the monthly cost of housing if this is set at a particular percentage of total income.

According to the banking industry a household should look at spending no more than a third (33.33%) of its monthly income (after tax and other deductions) on monthly bond repayments. First National Bank's Property Barometer (FNB, 2015:1) for former "township" markets indicates that the average house price is R323, 000 in 2015. Using the bank's bond calculator, we arrive at a monthly bond cost of R3, 067 and a qualifying minimum gross income of R10, 224 per month. We have thus derived at calculating a housing-based living wage of R10, 224 per month for 2015.

It thus appears that, in order to take workers out of the poverty wage system inherited from apartheid, the NMW would have to be located somewhere between the all industries median minimum wage of R3, 600 and the housing-based living wage of R10, 224. An important consideration is that the fixing of a NMW should not be set too high so that it is confused with a living wage.

If the all industries median wage of R3, 600 is accepted then workers covered by sectoral determinations (ranging from domestic workers to workers employed in the private security industry) and workers employed in construction, finance, wholesale and retail then about 7 million workers out of the total of 11.7 million formal sector workers in South Africa stand to benefit. The extent of the coverage depends on how high the NMW is finally set between the all industries and the housing-based living wage benchmarks.

But how feasible would it be to adopt a universal NMW without shedding jobs and causing harm to the broader economy?

Of all the sectors studied (wholesale and retail, domestic workers, forestry, taxi and security) the researchers at the University of Cape Town found that it was only the agricultural sector where there was significant occurrence of unemployment after the implementation of the agriculture sectoral determination of 2003. However, reports of economic growth in the agricultural sector remained positive and thus there were no economic shocks (even in exports) that could have caused the unemployment in the sector's largest employers, namely, citrus, maize and grapes (Bhorat, & Mayet, 2013:1).

LRS's findings (2015:27) on employment in the agriculture sector over time indicate that the largest drop in employment took place in 2001 (just over 500 000), two years prior to the implementation of the 2003 sectoral determination. However, employment increased again between 2005 and 2006 by 181 000 jobs and dropped steadily until a low of 627 000 in 2011 then started to increase again to 891 000 in the first quarter of 2015. This represents an increase of 20% or an additional 182 000 jobs in the first quarter of 2015 when compared to the first quarter of 2014. Employment levels thus returned to the level of 2003 when the sectoral determination was first implemented.

The drop in employment of 55 000 farm workers by 2014 is thus a very small decline given the magnitude of the increase in the minimum wage and looking at employment levels over the long-term.

What the employment figures show is that most farmers had in fact absorbed a massive increase in the new minimum wage of R105 a day, a 50% increase (on the prior R69 a day) in 2013.

Workers also gained tremendously with an increase in the wage bill of R1, 5 billion in 2013 and a further R1, 6 billion in 2014. However the wage determination has modestly increased real average wages and the overall wage bill was only 10.6% of total farming costs in 2013 (Department of Agriculture, 2013:4).

According to the Department of Agriculture (2014:11), the sector registered strongest growth of 5.6% in 2014, up from 1.5% in 2013. The sector's growth was because of the R25, 1 billion (13.2%) increase in gross income from agricultural products in 2014 compared to 2013. Thus profit levels in the agriculture sector increased despite the introduction of the sectoral determination for farm workers in 2003 and the increase of 50% in farm workers' wages in 2013.

A 2014 study by the Institute for Poverty, Land and Agrarian Studies (PLAAS) at the University of the Western Cape sums up the experience of the agricultural sector in relation to minimum wages. It shows that employment figures in the agricultural sector indicate a trend toward stabilisation of employment along with a significant shift from casual and seasonal to permanent employment, that is, both these factors are reversals of previous trends.

What the experience in agriculture (an export sector) and minimum wage determinations indicate is that there is no mechanical relationship between wages and employment where increases in wages automatically lead to greater unemployment. The simplistic argument that increased wages leads to unemployment is not supported by evidence and instead what we observe is increased employment and increased profitability. Thus, besides financial gains, farm workers have also scored a change from casual to permanent employment, including a reduction of workers' weekly working hours from 47 (2008) to 46 hours (Statistics South Africa: 2014).

A NMW is a powerful weapon in the hands of labour to fight poverty wages and is both reasonable and necessary. A NMW is not about a 'normal' opposing of material interests between workers and the bosses, it is one of guarding the working class from decay, demoralisation and ruin. It is the trade union movement that has historically fought against poverty wages and it is only the labour movement that can make a NMW a reality.

This paper is based on extracts from a booklet, Cottle, E. 2015. Towards a National Minimum Wage in South Africa. International Labour Organisation. Geneva. Available at: http://www.ilo.org/addisababa/information-resources/WCMS_390762/lang--en/index.htm

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The Gap Between A Minimum Wage And A Living Wage In South Africa

By Trenton Elsley, Michael Noble, Helen Barnes, Gemma Wright, Wanga Zembe-Mkabile, Michell Mpike and Isobel Frye

This chapter is a revised version of the report, "A Decent Living Level for South Africa: A report on how possession of socially perceived necessities relates to income", by the above authors.

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INTRODUCTION

The mainstream debate around a national minimum wage for South Africa is a crude one dominated by concerns about the employment effect of wage levels, with little regard for the lived experience of the majority of households in South Africa. This is not entirely the fault of the social partners. The fact is that there are no empirically grounded measures of a decent living level or a decent wage. The work on which this chapter draws is an effort to begin to fill that gap in our understanding.

There is a glaring omission in our analysis and our thinking on issues of incomes and livelihoods. We know a great deal about wealth, who has it, how much they have and how it is reproduced. We also know a great deal about poverty, the extent and the depth of poverty. What we know precious little about is what constitutes a decent level of living. We do not have a robust measure of what it is to live, not merely to survive better, but to truly live.

Debates and negotiations about wages have few if any reference points. The benchmarks that we do have are essentially subsistence benchmarks, which is to say that they are based on the income required to satisfy biological minimums. These instruments include the Statistics South Africa poverty lines, the PACSA food basket (2015) and the 'working-poor line' developed by SALDRU, which is also benchmarked on poverty lines (Finn, 2015). It is worth noting that the working-poor line is an effort to relate poverty to wage levels in particular in order to contribute to the national minimum wage debate.

This chapter offers a socially perceived measure of decent living (not subsistence) and equates decent living with what we really mean when we talk about a living wage. The analysis relates wages and incomes in South Africa to this measure of a decent living level (Noble et al, 2015). It is an effort to describe what an income of a certain level might mean for the quality of life of an individual and a household and, in so doing, to put the 'social' back into 'social dialogue' and policy debates.

MINIMUM WAGE, LIVING WAGE, DECENT LIVING LEVEL

In South Africa, the terms minimum wage and living wage are used loosely and sometimes in confusing ways, while their meanings shift with the context in which they are used. This is all the more reason to try and define the key concepts before we go any further.

The ILO has defined the minimum wage as a wage that *"represents the lowest level of remuneration or the qualification of the worker; it is the wage which in each country has the force of law and which is enforceable under threat of penal or other appropriate sanctions"* (Eyraud & Saget, 2005).

It states in ILO Convention No.131 that the primary purpose of a minimum wage is to protect the wage earners against *"unduly low wages"* (ILO, 1970). The minimum wage can be set as a salary per hour, day, week or year. It could be set at any level and does not necessarily cover the costs for basic needs of a worker or his/her family.

> *"Minimum wage may be understood to mean the minimum sum payable to a worker for work performed or services rendered, within a given period, whether calculated on the basis of time or output, which may not be reduced either by individual or collective agreement, which is guaranteed by law and which may be fixed in such a way as to cover the minimum needs of the worker and his or her family, in the light of national economic and social conditions" (ILO, 1992).*

Different countries use different names for the minimum wage and these names utilise words like 'minimum', 'living' and 'social' to add to the confusion.

> *"minimum living wage" (Argentina), a "basic minimum wage" (Botswana), a "basic wage" (Gambia), a "minimum regulatory remuneration" (Myanmar), or "guaranteed personal income" (Yugoslavia). Other designations refer to the social aspect of the minimum wage; this is the case of the "minimum income" (Chile), and the "minimum social wage" (Luxembourg). Or the designation may even refer to the objective of extending participation in the benefits of economic growth, as in the "minimum growth wage" (France) (Cottle, 2014).*

Simply put, a minimum wage is a legal instrument that is not in fact concerned with meeting the needs of wage earners. So what about the living wage?

> *"There is neither a generally accepted definition of what a living wage is, nor is there a generally agreed methodology on how to measure it" (Anker, 2013).*

In 1968 the International Labour Organisation (ILO) defined a living wage as the *"amount necessary to meet the reasonable needs (or basic needs) of an unskilled labourer with a family of average size"* (Cottle, 2014). The living wage is different from the minimum wage in that it is concerned with meeting the basic needs of an individual and a household. Basic needs go beyond subsistence needs or a biological minimum. Basic needs would therefore go beyond the need to eat enough food to survive.

The idea of a living wage is strongly associated with the trade union movement in South Africa. Even so, the organisational report to the 2012 COSATU National Congress confirms that the living wage campaign is limited to the sum of a few parts. The report lists 12 priority campaigns, the first of which is the living wage campaign. In the discussion that follows in that report there is no commentary on the living wage campaign itself, except for a finding in the 2012 Workers' Survey that the living wage campaign is less well supported than the campaigns around corruption, electricity prices, labour brokers and toll roads.

Although the living wage remains a relatively vague concept, it is fair to say that a living wage is generally understood as a wage that allows workers to live a decent life. The concept of a living wage shifts the focus from wages (what you earn) to consumption (what you can consume in the broadest sense). The concept of a living wage is concerned with the ability of a worker to access the freedoms, necessities, goods and services which are required to live a decent life, not simply those required to survive.

> *"While there is no universal definition of a living wage, the majority of social initiatives with living wage clauses converge around the concept that a living wage should provide for basic needs, usually conceived of as the ability to obtain adequate food, clean water, shelter, clothes, education, healthcare, transport and energy" (UTZ, 2013).*

The notion of a social wage is related to a living wage and is worth considering briefly. The social wage is a complementary and overlapping idea. There is no universal definition of the social wage and it is not common currency in politics or social policy spaces. The Oxford Dictionary briefly describes it as *"the amenities provided within a society from public funds"* (Oxford University Press, 2013). The social wage is concerned about the basic incomes and needs of all citizens and not only wage earners.

The social wage acknowledges that human beings have needs other than the physical and that the state has a responsibility to assist them to satisfy these needs. The living wage campaign in South Africa contains demands about workers' social needs, and assumes the existence of a complementary social wage.

The majority of the definitions of social wage refer to the supplementary benefits of the state, through the welfare system. It could be through tax relief, grants and government services. Similar to the living wage, the social wage is meant to close the gap between the earnings and the actual needs of citizens. In countries like Sweden and Britain the term 'social wage' is synonymous with a universal welfare system, which guarantees a minimum adequate income to all citizens. It can also be argued that tax allowances, tax credits and other subsidies are no different from welfare benefits (Rankin, 1986). The notion of a social wage goes beyond social security arrangements and can include the provision of healthcare, housing, subsidised transport to name just a few possibilities (Meth, 2008).

COSATU's demand for a social wage complementing a living wage (Coleman, 2012) clearly views transfer payments to households and government services as part of the social wage. The COSATU demand focuses on the following policy interventions:

1. Access to education, skills and human resource development to redress apartheid labour-market deficiencies
2. Universal access to affordable, quality healthcare through the implementation of a National Health Insurance Plan
3. Access to a cheap, reliable and safe public transport system
4. Implementation of a national retirement/savings scheme

MEASURING A DECENT LIVING LEVEL - SOCIALLY PERCEIVED NECESSITIES

Between 2003 and 2006, the Centre for the Analysis of South African Social Policy (CASASP) commissioned by the National Department of Social Development, derived indicators of an acceptable standard of living that all South Africans should enjoy. The project ran 48 focus groups to ascertain the kinds of possessions, services and activities that were thought to be markers of an acceptable standard of living. Questions about 50 possible items were then put to a representative sample of adults in the South African Social Attitudes Survey (SASAS) 2005 and again in 2006. The respondents were asked which of the list were essential for all South Africans to possess, have access to or enjoy for an acceptable standard of living. Of the 50 items, 36 were deemed necessary for an acceptable standard of living, which is to say that 36 items were defined as essential by more than half of the population.

These items therefore stand as indicators or markers of an acceptable standard of living. The 36 items are collectively referred to as 'socially perceived necessities' or SPNs, and are shown in bold in **Table 1** below. Child-specific items (highlighted in grey) are excluded from most of the analysis which follows as not all households contain children.

It should be stressed that this list does not comprise an exhaustive list of necessities, but rather a set of indicators. It is a set of indicators that are both scientifically robust and socially derived. This set of socially perceived necessities offers us a clear way of saying what we mean by decent living and what we mean when we talk of a living wage. It also offers us an opportunity to explore the incomes associated with different standards of living and how people construct their lives given the limits of their income.

Table 1: Percentage of people defining an item as 'essential' (sorted in descending order)

Item	Percentage saying essential
Mains electricity in the house	92
Someone to look after you if you are very ill	91
A house that is strong enough to stand up to the weather e.g. rain, winds etc.	90
Clothing sufficient to keep you warm and dry	89
A place of worship (church/mosque/synagogue) in the local area	87
A fridge	86
Street lighting	85
Ability to pay or contribute to funerals/funeral insurance/burial society	82
Separate bedrooms for adults and children	82
Having an adult from the household at home at all times when children under ten from the household are at home	81
Having police on the streets in the local area	80
Tarred roads close to the house	80
Paid employment for people of working age	79
For parents or other carers to be able to buy complete school uniform for children without hardship	79
A flush toilet in the house	78
People who are sick are able to afford all medicines prescribed by their doctor	77
Someone to talk to if you are feeling upset or depressed	76
A neighbourhood without rubbish/refuse/garbage in the streets	75
A large supermarket in the local area	75
A radio	74
Someone to transport you in a vehicle if you needed to travel in an emergency	74
A fence or wall around the property	74
Being able to visit friends and family in hospital or other institutions	73
Somewhere for children to play safely outside of the house	72
Regular savings for emergencies	71
Television/ TV	69
A neighbourhood without smoke or smog in the air	69
Someone to lend you money in an emergency	66
A cell phone	63
Meat or fish or vegetarian equivalent every day	62
A bath or shower in the house	62
Burglar bars in the house	62
Special meal at Christmas or equivalent festival	56
Some new (not second-hand or handed-down) clothes	55
A sofa/lounge suite	54
A garden	51
A car	49
Item	Percentage saying essential
A landline phone	48
Washing machine	44
A lock-up garage for vehicles	43
A small amount of money to spend on yourself not on your family each week	42
Having enough money to give presents on special occasions such as birthdays, weddings, funerals	41
For parents or other carers to be able to afford toys for children to play with	39
A burglar alarm system for the house	38
A holiday away from home for one week a year, not visiting relatives	37
A family take-away or bring-home meal once a month	34
An armed response service for the house	28
A DVD player	27
A computer in the home	26
Satellite Television/DSTV	19

Source: SASAS, 2006 (Wright & Noble, 2013)

Questions were further asked in SASAS 2006 as to whether the survey population possessed the items, undertook the activities or enjoyed the services. Perhaps unsurprisingly, it was found that possession of SPNs varied by income (Wright and Noble, 2013).

Looking at the mean or median income levels of those who possessed the items, it is possible to estimate the income levels required to enjoy a socially acceptable standard of living. Fortunately, Statistics South Africa included all 36 SPNs in the 2008 Living Conditions Survey (LCS) and has included them in the forthcoming LCS update. The LCS has a much larger sample size (just over 25,000 households in the LCS compared to around 3,000 households in SASAS) and contains many detailed questions about people's incomes. By adjusting the weighting of the LCS incomes to 2014 levels using CPI it was possible to explore the relationship between possession of the SPNs and income.

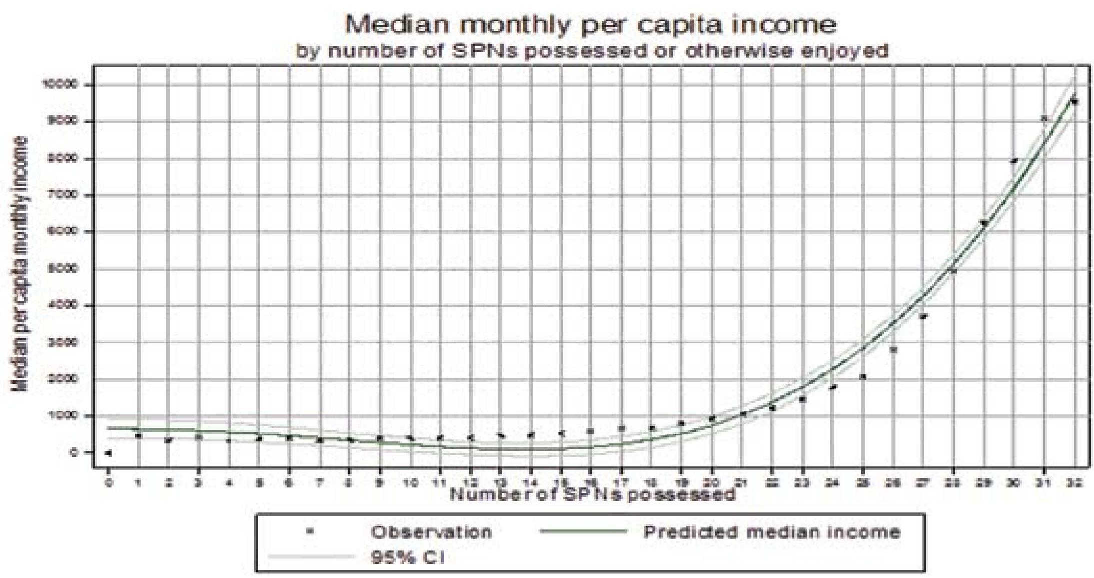
INCOMES AND SOCIALLY PERCEIVED NECESSITIES

Let us now explore how income relates to the possession of the socially perceived necessities (SPNs) (Noble et al, 2015). **Figure 1** below shows how the number of SPNs possessed relates to median per capita income. The per capita income is calculated in the usual way, by dividing the total household income by the number of people (of any age) in the household. This is then plotted against the number of SPNs possessed for people of working age only. Grant income is included here.

All analysis in this report relates to people of working age, unless stated otherwise. Because of this focus, the paid employment SPN is included which results in a total of 32 SPNs. The four child-specific SPNs are excluded here. This is however an important dimension and should be the subject of future analysis.

So, for example, people of working age who have 20 SPNs live in households with a median monthly per capita income of approximately R1, 000 per month.

Figure 1: Median monthly per capita income by number of SPNs possessed, people of working age only



It is evident that there is a clear relationship between per capita median income and the number of SPNs possessed, though it is not a linear relationship. Instead, the income curve slopes quite steeply around 25/26 SPNs. The figure shows how the number of SPNs that are possessed increases as median per capita income increases. The mix of SPNs at each level might differ and this is considered later.

Based on an analysis of the number of people per household (see **Annexure A**), we know that there are 3.89 people per household on average. This would imply that – if the working age person was the sole earner and there were no grants or other sources of income being received within the household – their salary would need to be approximately R3, 890 per month in order to have a standard of living that matched the median monthly per capita income of people of working age who possess 20 of the SPNs. The salary would need to be much higher in order to match the median income of those who have all 32 SPNs.

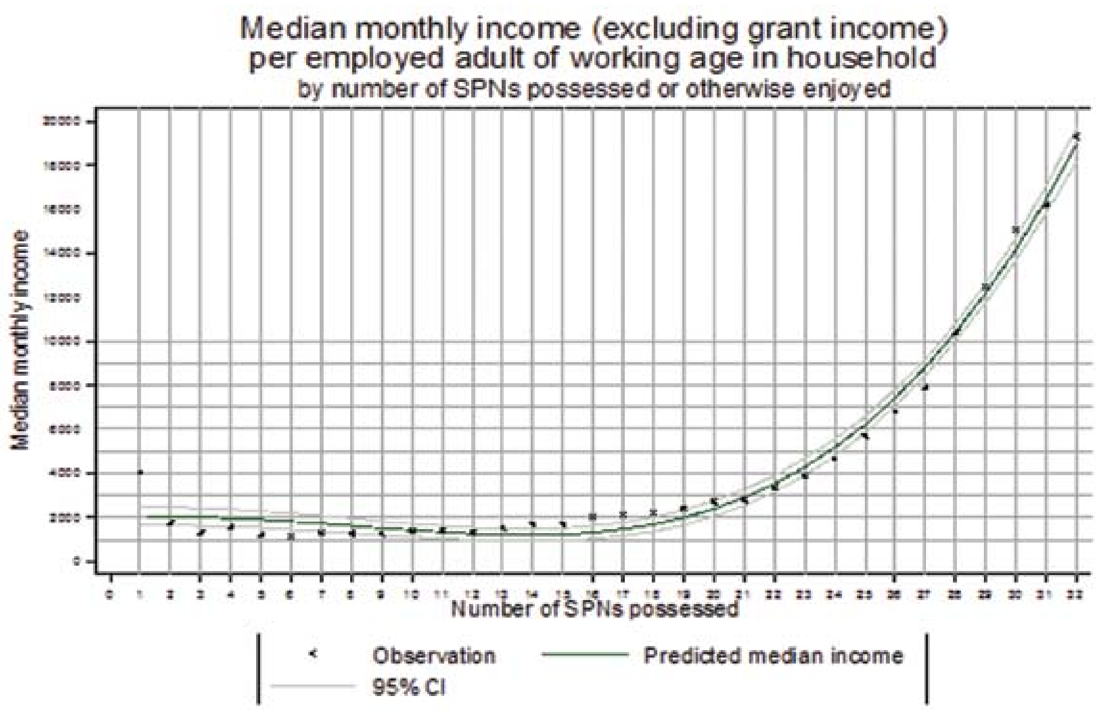
WAGES AND THE POSSESSION OF SOCIALLY PERCEIVED NECESSITIES

This section estimates the wage levels (rather than total income) that are associated with different living levels.

In **Figure 2**, grant income received by the household is subtracted first from the total household income, and then the balance is divided by the number of employed people of working age in the household. This provides a very rough approximation of the average salary of the employed members of the household. This is an unconventional way of equivalising income and is referred to as 'equivalised earnings' to make it clear that it is not a per capita income.

Taking the 20 SPNs as the example again, the median monthly 'equivalised earnings' (for employed people of working age) is R2, 714. As with **Figure 1**, this can be further interpreted using the analysis of the number of people per household (see Annex A). On average, there are 3.88 people in households that contain at least one employed person of working age, and 1.51 employed people of working age. This would mean that – if we apply these averages – their combined salaries of R4, 098 per month (R2, 714 x 1.51) would translate into a per capita monthly income in the household of R1, 056 (R4, 098/3.88). This compares well with the earlier estimate of R3, 890 per month in 2014 prices.

Figure 2: 'Equivalised earnings' by number of SPNs possessed, employed people of working age only



IN WHAT ORDER DO PEOPLE ACQUIRE NECESSITIES?

How do people construct a life when there are limitations on their income?
The question could be asked whether certain SPNs are possessed sooner than others, and indeed at what income level certain SPNs are acquired. This will help us understand how the quality of life changes for individuals and households as their income increases.

Although it is appealing to think that certain SPNs are acquired at certain income levels, in practice the reality is not so straightforward. For example, certain SPNs are not usually directly purchased by individuals, for example street lighting, and touch on the issue of the social wage (Meth, 2008). Others could manifest themselves differently for different people. For example, someone to lend you money in an emergency could relate either to social networks or access to private financial services. Some SPNs, such as a fridge, might be received as gifts from other wealthier relatives. Others SPNs might have been purchased at a time when the household had a higher per capita income than reported in the survey.

Although SPNs may be acquired at different income levels for different people, it can be observed that certain SPNs are obtained sooner than others.

The next table (**Table 2**) shows that if a person enjoys only one SPN then that SPN is very likely to be 'having someone to look after you when you are ill'. It is noteworthy that this is an SPN that can be acquired socially and is not simply a matter of having enough money. Similarly, the second SPN to be acquired is 'someone to talk to when you are feeling upset or depressed'.
The first need to be acquired, which has a defined monetary value, is a cell phone. The last SPNs to be acquired are regular savings for emergencies and a garden.

Table 2: When do most people of working age possess each SPN?

SPN	Average number of SPNs possessed when 50% of people of working age possess the item
Someone to look after you if you are very ill	1
Someone to talk to if you are feeling upset or depressed	2
A cell phone	6
A place of worship (church/mosque/synagogue) in the local area	8
Being able to visit friends and family in hospital or other institutions	8
Clothing sufficient to keep you warm and dry	10
Mains electricity in the house	12
A house that is strong enough to stand up to the weather e.g. rain, winds etc.	12
Special meal at Christmas or equivalent festival	12
Ability to pay or contribute to funerals/funeral insurance/burial society	15
A fence or wall around the property	15
Television/ TV	15
Some new (not second-hand or handed-down) clothes	15
A fridge	16
Someone to lend you money in an emergency	16
Having police on the streets in the local area	18
Tarred roads close to the house	18
Meat or fish or vegetarian equivalent every day	18
Street lighting	19

SPN	Average number of SPNs possessed when 50% of people of working age possess the item
A radio	19
A sofa/lounge suite	19
A large supermarket in the local area	20
Someone to transport you in a vehicle if you needed to travel in an emergency	20
A neighbourhood without smoke or smog in the air	22
Paid employment for people of working age	23
A flush toilet in the house	23
People who are sick are able to afford all medicines prescribed by their doctor	23
A neighbourhood without rubbish/refuse/garbage in the streets	23
A bath or shower in the house	23
Burglar bars in the house	23
Regular savings for emergencies	27
A garden	27

Source: LCS 2008/9

SOCIALLY PERCEIVED NECESSITIES THAT ARE ACQUIRED LATE

There are a number of necessities that tend to be possessed after most other SPNs have been possessed – referred to here as 'late jumpers'.

Table 2 above shows that, for example, the majority (50% of people of working age) possess electricity by the time they have 12 SPNs, while over 50% have someone to look after them when they are very ill when they have just one SPN.

Some SPNs are not possessed by people until they have acquired a much greater number of other SPNs. These 'late jumpers' include paid employment, a flush toilet in the house, being able to afford prescribed medicines, a neighbourhood without rubbish in the streets, regular savings, a neighbourhood without smoke or smog, a bath or shower in the house, burglar bars and a garden.

Half (50%) of wage earners do not possess these SPNs until they have over 20 SPNs in total. Most do not have regular savings and a garden until they have 27 SPNs.

A number of these items that are only possessed late relate to where a person lives and the standard of living associated with that area. The implication is that workers must either buy their way into a better neighbourhood or that better development and servicing of neighbourhoods is required to raise their standard of living.

DOES A WAGE INCREASE CHANGE A PERSON'S LIFE?

Two case studies are presented here, using an income level of R4, 700 (which falls towards the lower end of the band of incomes under consideration in relation to a national minimum wage (COSATU, 2015) and a wage level of R12, 500 which is linked to the Marikana demand and the call for a living wage (Selebi, 2012). Again, 'equivalised earnings' is used here rather than per capita income.

For employed people of working age with 'equivalised earnings' of approximately R4, 700[1], the average number of SPNs possessed is 21.9. People at this income level have at least 7 SPNs and half have 21 or more. By definition, all people in the analysis have one SPN: paid employment.

For some of the other SPNs possession rates are over 90%: mains electricity, someone to look after you if you are ill, clothing sufficient to keep warm and dry, someone to talk to if you are feeling upset or depressed, being able to visit friends and family in hospital or other institutions and a cell phone. At this income level six items are possessed by less than 50% of people: a flush toilet in the house, a neighbourhood without rubbish in the streets, regular savings, a neighbourhood without smoke or smog in the air, a bath or shower in the house and a garden.

For employed working age people with 'equivalised earnings' of R12, 500[2], the average number of SPNs possessed is 26.6. All people at this income level have at least 13 SPNs and half have 27 or more.

At this income level there are no SPNs (other than paid employment) that are possessed by everyone, although mains electricity is possessed by 99.9%. In total, 12 SPNs are possessed by over 90% of people. There are a few SPNs where possession rates are relatively low, for example, a neighbourhood without rubbish in the streets (65%), a radio (57%), regular savings (48%) a neighbourhood without smoke or smog in the air (60%) and a garden (62%).

The shift from R4, 700 to R12, 500 per month is associated with significant gains in the percentage of workers who possess or enjoy street lights, the ability to afford medicines prescribed by their doctor, a neighbourhood without refuse in the streets, having someone to transport them in a vehicle in an emergency, a fence or a wall around their property, burglar bars in their house, a sofa and a garden. These values are shaded in the table below.

Although the percentage of workers who enjoy a neighbourhood without refuse in the streets and a garden increases at the higher earnings, the total percentage of workers enjoying these two items is relatively low compared to the others. These items are marked with an asterisk (*).

1 Those people with an 'equivalised earnings amount' in November 2014 of between R4, 600 and R4, 800.
2 Employed people of working age with 'equivalised earnings' (at November 2014 prices) of between R12, 400 and R12, 600 per month.

Table 3: Which SPNs do employed people of working age have?

SPN (ordered by percentage saying essential, in descending order)	Percentage of employed people of working age with 'equivalised earnings' of R4, 700 who possess each SPN	Percentage of employed people of working age with 'equivalised earnings' of R12, 500 who possess each SPN
Mains electricity in the house	90.53	99.90
Someone to look after you if you are very ill	91.21	94.11
A house that is strong enough to stand up to the weather e.g. rain, winds etc.	77.27	82.27
Clothing sufficient to keep you warm and dry	90.80	90.93
A place of worship (church/mosque/synagogue) in the local area	88.65	98.73
A fridge	76.91	91.85
Street lighting	68.10	91.54
Ability to pay or contribute to funerals/funeral insurance/burial society	66.73	75.53
Having police on the streets in the local area	65.89	77.67
Tarred roads close to the house	71.40	88.62
Paid employment for people of working age	100.00	100.00
A flush toilet in the house	47.89	84.93
People who are sick are able to afford all medicines prescribed by their doctor	52.84	83.16
Someone to talk to if you are feeling upset or depressed	90.20	95.15
A neighbourhood without rubbish/refuse/garbage in the streets	45.02	65.10*
A large supermarket in the local area	62.76	78.36
A radio	57.46	57.08
Someone to transport you in a vehicle if you needed to travel in an emergency	61.52	85.49
A fence or wall around the property	66.13	91.25
Being able to visit friends and family in hospital or other institutions	91.28	98.86
Regular savings for emergencies	39.95	47.51
Television/ TV	86.24	93.69
A neighbourhood without smoke or smog in the air	44.32	59.51
Someone to lend you money in an emergency	56.31	71.34
A cell phone	92.83	93.44
Meat or fish or vegetarian equivalent every day	69.90	82.88
A bath or shower in the house	45.18	81.87
Burglar bars in the house	57.43	85.04
Special meal at Christmas or equivalent festival	74.89	83.80
Some new (not second-hand or handed-down) clothes	69.00	79.53
A sofa/lounge suite	58.59	84.81
A garden	30.99	61.72*

Source: LCS 2008/9

WAGES IN SOUTH AFRICA AND SOCIALLY PERCEIVED NECESSITIES

In the figure below, we relate benchmarks of minimum wages in South Africa to the possession of the socially perceived necessities that constitute a decent living level.

It is evident that existing minimum wage benchmarks are far off the earnings associated with the possession of all SPNs. R19, 299 is the earnings associated with possessing all 32 SPNs.

The drop in earnings associated with possessing one through to three SPNs is likely an aberration due to small numbers. The curve is very flat up to possession of 15 SPNs. This level is associated with earnings of R1, 688 per month.

R2, 420 per month is the median minimum wage across sectoral determinations and is associated with possession of 19 SPNs. R3, 033 is the median earnings reported in the 2014 QLFS and is associated with the possession of 20 SPNs. R3, 300 is the median minimum wage across bargaining councils and is associated with the possession of 21 SPNs.

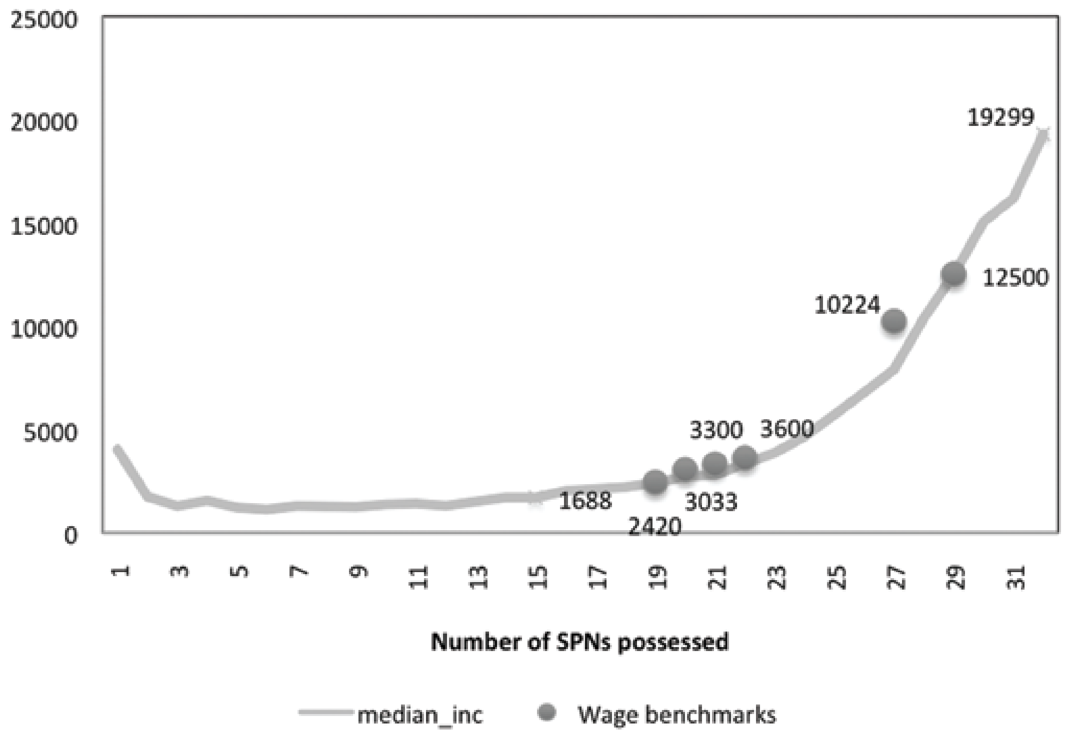
R3, 600 is the LRS estimate of the median wage floor across different types of wage determinations (bilateral bargaining, SDs, BCs and bargaining forums) and is associated with the possession of 22 SPNs.

The SALDRU Working-Poor Line of R4, 125 per month is associated with the possession of 23 SPNs.

R10, 224 per month is an estimate of the earnings required to finance a decent low cost house (the finance cost is set at one third of total disposable income). This amount is associated with the possession of 27 SPNs.

R12, 500 per month is the wage demand that emerged at the Marikana mining operations of Lonmin in 2012. This amount is associated with the possession of 29 SPNs.

Figure 3: Median equivalised earnings by number of SPNs possessed, with selected wage benchmarks (in Rands per month)



A NATIONAL MINIMUM WAGE AND A LIVING WAGE

The preliminary analysis of this new source of information about the relationship between incomes and a decent living level throws up some interesting insights. Further reflection and analysis is likely to refine our understanding even more.

There is a clear relationship between possession of the SPNs and income. As income increases so does the average number of SPNs possessed. These results do not tell us how much it costs to obtain the SPNs. Instead, the results reveal the median incomes of those who do possess the items.

The median per capita income of people who possess all of the socially perceived necessities is quite high. The relationship between income and possession of necessities varies by item and some are more prevalent amongst those who have most of the SPNs (for example paid employment), whereas other items can be common even for those who have very few (for example, someone to look after you when you are very ill).

The distance between the levels at which minimum wages are currently set and a decent living level or a living wage is greater than some may have thought. Society has set its threshold for an acceptable standard of living at a level that is higher than most people currently enjoy. The existing wage reference points for the national minimum wage are very modest. In fact, the analysis suggests that without a major shift in social wage allocation, only a radical shift in wage levels would propel the majority of people to a decent living level.

The results also do not tell us how much it would cost to obtain a basket of goods and services needed for a decent living level. This would require a much more detailed and comprehensive set of items, and there are a number of ways in which this approach could be implemented.

If we take all the SPNs to represent a socially acceptable standard of living and we wish to move households to a place where the majority will possess all of these necessities, then we require households to have a single wage earner (as measured by equivalised earnings) who earns over R19, 000 per month (see **Figure 2**).

The fact that it is not currently economically viable to shift minimum wages to this level should not be taken to mean that the measure is irrelevant. What it suggests is that the political economy of South Africa is one that manifests a 'decent living level deficit' of a very large magnitude.

The possession of 23 SPNs is associated with equivalised earnings of R3, 862 per month, while the possession of all SPNs, except regular savings and a garden, is associated with equivalised earnings of R15, 000 per month.

As the case study showed, the shift from R4, 700 to R12, 500 per month is associated with significant gains in the percentage of workers who possess or enjoy street lights, the ability to afford medicines prescribed by their doctor, a neighbourhood without refuse in the streets, having someone to transport them in a vehicle in an emergency, a fence or a wall around their property, burglar bars in their house, a sofa and a garden.

The steepness of the curve when tracking household income against the possession of socially perceived necessities is evident all the way through the analysis. The possession of further SPNs from 22 onwards is associated with relatively large increases in the earnings of employed people of working age in the household.

A number of the necessities only possessed later relate to where a person lives and the standard of living associated with that area. This implies that workers must either buy their way into a better neighbourhood or that the development and servicing of neighbourhoods would facilitate the possession of several additional necessities.

What is also striking is the flatness of the curve up to a point. It suggests that an individual can acquire successive SPNs with relatively small increases in earnings, certainly up to 15 SPNs. This implies that policy measures to increase incomes to this level could have significant returns, but only up to a certain living level.

Even if we pursue partial solutions to large problems because of limited resources or limited political vision, we should not forget that this decent living level (represented by the set of 32 SPNs) is conceptually indivisible. It is by possessing all of these SPNs that a household is situated at a decent living level. Strictly speaking, to not possess even one of the SPNs is to fall short of a decent living level.

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ANNEXURE A: HOUSEHOLD SIZE

The following table summarises facts relating to household size, number of children and number of employed adults within households. The mean figures are provided here.

Average household size and other related facts (LCS 2008/9)

	N
Average household size in SA	3.89
Average household size - in households where the per capita income is below R3,000 per month	4.28
Average household size - in households where the per capita income (minus grants) is below R3,000 per month	4.27
Average household size - in households where the per capita income is below R4,500	4.18
Average household size - in households where the per capita income (minus grants) is below R4,500	4.17
Average household size - in households containing at least one working age person who is employed	3.88
Average number of employed adults per household - in households containing at least one working age person who is employed	1.54
Average number of employed adults of working age per household - in households containing at least one working age person who is employed	1.51
Average number of children per household	1.49
Average number of children per household - in households that contain children	2.43
Average number of children per household - in households that contain children and at least one person of working age	2.44
Average number of children per household - in households containing at least one person of working age	1.55
Average number of children per household - in households containing at least one working age person who is employed	1.38
Average number of children per household - in households containing at least one child, and at least one person of working age who is employed	2.28

Note: Incomes were adjusted to 2014 using the CPI before applying the thresholds in this table.

"How Can A National Minimum Wage Contribute To Narrowing The Gender Pay Gap And Moving Us Closer To Gender Equality?"

By Nina Benjamin

Over the past year much has been said and written about the role of a National Minimum Wage in the context of unemployment, poverty and inequality. Up till now the NMW discussions have largely been silent on the issue of gender inequality. This paper adds to the present discussion by raising the question "How can the NMW contribute to narrowing the gender pay gap and moving us closer to gender equality?"

Women workers in South Africa earn on average 38% less than men according to the World Economic Forum's 2014 Global Gender Gap Report. The report ranks South Africa 83 out of 142 countries. In a country where wide ranging legislation is in place to protect workers against any form of direct discrimination, this is an alarming statistic. The most recent Amendment to the Employment Equity Act which came into effect on 1 August 2014 seeks to ensure that all female employees have the right to demand the same pay as male employees performing work which is the same, similar or of equal value yet even with equality legislation in place the gender pay gap persists.

There are clearly forms of indirect discrimination[1] that cannot be addressed through legislation alone. There is for example the perception that certain kinds of work are "women's work" for example care-work and the skills and competencies associated with this kind of work are often undervalued. There is also work which is predominantly done by women and the pay scales for this kind of work such as pre-school teaching tends to be lower than work done in predominantly male sectors. Women are also generally responsible for the bulk of unpaid reproductive work which means that their employment is discontinuous, disadvantaging them in respect of access to career opportunities.

To achieve equal pay requires equality legislation, policies and programmes aimed at combatting discriminatory practices and gender-based stereotypes about the value of women's work, publically funded services for supporting care work and a wage that enables both men and women to take care of their families. A minimum wage could provide women workers who find themselves in the low paid, undervalued jobs with increased protection and in turn decrease the gender gap with men who are more likely to be located in higher paid sectors like manufacturing and mining. Importantly a minimum wage could strengthen our struggle for gender equality.

1. "Indirect discrimination" is discrimination not written into laws or policies but rather the more invisible norms shaped by institutions like the family, church, school

SOUTH AFRICA'S GENDER PAY GAP AND WOMEN WORKERS IN LOW PAID FORMS OF EMPLOYMENT

Mainstream economics assumes that there is a principle of equal pay for equivalent work but in practice the ILO claims that women globally earn 77% of what men earn. The ILO's Equal Remuneration Convention, No. 100 passed in 1951 acts as a standard for framing national labour legislation to enforce equal remuneration. South Africa ratified Convention 100 on 30 March 2000 and in compliance with the Convention and in recognition of the principle of "equal pay for work of equal value", on 1 June 2015 a draft Code of Good Practice was issued by the Department of Labour. The code (Department of Labour, 2015) has the following objectives:

- *Provide practical guidance to employers and employees on how to apply the principle of equal pay/ remuneration for work of equal value' in their workplaces.*
- *To promote the implementation of pay/ remuneration equity in the workplace by employers, including the State, employees and trade unions through human resources policies, practices and job evaluation processes.*
- *Aims to encourage employers to manage their pay/ remuneration policies, practices and proper consultation processes within a sound governance framework in order to drive and maximise on the principle of equal pay/ remuneration for work of equal value that is fair, free from unfair discrimination and consistently applied.*

Women in the South African workplace are confronted with a range of discriminatory practices, behaviours, attitudes and policies. First-hand accounts from women participating in the LRS coordinated International Trade Union Confederation led Labour Rights for Women Campaign[2] speak of wide scale discrimination, harassment and abuse (LRW Annual Reports, 2013 and 2014). For many working women there is a consistent under and devaluing of the skills and competencies they bring to the workplace so that pay scales for jobs requiring similar skills, qualifications or experience are often lower when jobs are predominantly done by women. It is almost as if employers see that job as being of "less value" and in turn less pay-worthy and this then becomes the "standard" for the job. For example pre-school teachers, the vast majority of whom are women, play an invaluable role in the development of a child yet they have relatively limited access to career progression and are poorly paid even in relation to educators at other levels. This form of discrimination extends to wage negotiations, where not only are women seldom involved in negotiation processes but women in the more non-standard, low paid, low skilled jobs are largely unorganised and are therefore not included in collective bargaining processes (ibid).

Unpaid care work like caring for the sick and the elderly, bringing up children and housework are considered women's work. Domestic work is not equally shared between men and women and as a result women work longer hours when compared to men juggling their unpaid reproductive roles with paid employment and, as a result, have higher rates of absenteeism and interruptions in employment as compared to men, often to take care of children, parents, siblings and other members of extended families. These breaks in employment to carry out unpaid reproductive work has an effect on job security, career progression, work experience and long term benefits like UIF and pension funds where women who have not been able to work continuously are negatively affected by the rules governing entitlement and the level and duration of payments. All of this creates a perception that women have a weaker attachment to the labour market and that, particularly young women in their childbearing years, are unreliable and unsuitable for long term employment.

2. Labour Rights for Women Campaign, (LRW) Campaign - set up in June 2012 by the Gender Coordinators of the four national labour federations in South Africa- NACTU, COSATU, FEDUSA and CONSAWU.

> *"Women's reproductive work is a tax on their labour that they have to pay before undertaking income generating or expenditure saving activities. Since men do not have to trade their economic activities against domestic responsibilities the reproductive tax distorts how labour is allocated in the household" (Kabeer, 2003).*

Wage structures are therefore not "gender neutral" and women entering the labour market are likely to face many of the challenges described above. An increasing number of women workers concentrated in low-skilled occupations and precarious forms of employment[3] are more likely to earn low pay[4], low pay being a key indicator of precarious work. With low levels of unionisation workers in precarious sectors are also more vulnerable to coercion and intimidation from employers because of the insecurity of their positions. In the South African context many women in precarious work not only earn very low wages but are also sole providers for children and other family members. Many women find themselves in precarious forms of work and in turn precarious work is dependent on women who have had few opportunities for skills development or furthering their education, are often sole breadwinners and are unlikely to be unionised – all of these acting as factors to widen the existing gender pay gap.

HOW CAN A MINIMUM WAGE CONTRIBUTE TO CLOSING THE GENDER PAY GAP

Can a National Minimum Wage play a role in reducing women's vulnerability to low pay in precarious forms of employment and reduce the gender pay gap?

In a paper prepared for the ILO Conference: *'Regulating for Decent Work,* July 2009, Jill Rubery and Damian Grimshaw explore the relationship between the size of the gender wage gap in a country in relation to the level of the statutory minimum wage and the strength of collective bargaining coverage in that country. Their findings reveal that countries with a statutory minimum wage at a relatively high level for example Australia has a gender pay gap of 2% and countries with strong collective bargaining coverage for example France has a gap of 9%. In both cases the gender pay gap is relatively low when compared to countries with neither a national minimum wage nor strong collective bargaining coverage, for example, a country like Japan with a gender gap of 27%[5].

Rubery and Grimshaw's analysis of how the implementation of a NMW can be an instrument for moving towards gender equity provides us with a number of pointers that are useful when framing our own response to the relevance of a NMW for gender equity in the South African context.

Discrimination in the workplace is often highest amongst low paid workers in precarious forms of employment. A NMW will cover the majority of these workers regardless of sector. Women workers in all forms of employment will have a single figure to negotiate around. A single, nationally legislated figure will be important in raising consciousness amongst women workers who might have limited exposure to the intricacies of labour legislation, trade union organising and collective bargaining processes.

3. In 2014 about one million South African women were employed as domestic workers, 1.3 million in low-skilled occupations, and 2.6 million in semi-skilled occupations. Stats SA, in South Africa Survey 2014/2015, Institute of Race Relations.
4. *"Women dominate lower earnings categories – a finding borne out on the basis of multiple data sources including household survey data and tax data – far in excess of their share of total employment, and mean and median wages are lower. The evidence suggests that at least part of this relates to women's involvement in domestic work, with three-quarters of domestic workers in 2007 classified as low-paid compared to 61% of those in the informal sector and 25% of those in the formal sector."* The report on the Status of Women in South African Economy – pg. 78
5. Jill Rubery and Damian Grimshaw, *'Regulating for Decent Work*, July 2009, Paper prepared for ILO Conference

A NMW reduces wage dispersion and in turn a less dispersed wage, particularly amongst the lowest paid workers should allow for an upward variation[6] and reduce the gender wage gap.

For many women workers who are sole breadwinners, low wages keep both themselves and their families in poverty. One way of alleviating the effects of these poverty wages is for workers to work longer hours to increase income for subsistence. Setting a NMW that meets the basic needs of women workers who are sole breadwinners could go a long way in alleviating the increasing burden women experience in trying to keep themselves and their families out of poverty.

THE MINIMUM WAGE DEBATE AND GENDER EQUALITY

Pervasive and cutting through all other forms of inequality, gender inequality is constructed directly through the policies that perpetuate gendered stereotypes and power relations or through policies which are "gender blind"[7] as well as through the more invisible and unwritten norms and cultures that shape our everyday lives. Individuals in turn internalise these direct and indirect forms and codes of gender inequality and this is then reflected in their consciousness, behaviour and in their access to resources[8] (Gender at Work Framework).

Proponents for a NMW argue that it provides a national floor below which no wage can fall (Cottle, 2015). This will ensure that we move towards more equal wage structures and workers earn enough to meet their basic needs. A focus on the NMW's role in closing the gender gap does not as yet appear very prominently in the Department of Labour's Investigation into a National Minimum Wage.[9] While there is recognition that women form the majority of low paid workers who would benefit from a NMW, discussions on what a NMW figure would be, what should be taken into account when setting this figure and how enforcement and compliance will be ensured, seem to be "gender blind".

The National Minimum Wage as a policy would cover both women and men from low income and marginalised households. For a NMW to be a path for addressing gender inequality it would need to be clear that while both men and women face poverty, men and women are not affected in the same way and working towards addressing inequality would need to take the different needs of women and men into account. If the NMW is to work towards gender equality it would need to address both the practical and strategic needs of women.

> *"Practical gender needs are the needs that women identify in their socially accepted roles in society. Practical needs do not challenge the gender division of labour or women's subordinate position in society, although rising out of them. Practical gender needs are a response to immediate perceived necessity, identified within a specific context. They are practical in nature and are often concerned with inadequacies in living conditions such as water provision, health care and employment.*
>
> *Strategic gender needs are the needs women identify because of their subordinate position to men in their society. Strategic gender needs vary according to specific*

6. An upward variation is not automatic for workers in all low paid sectors and this will depend on how the NMW is negotiated
7. Gender-blindness refers to a failure to identify or acknowledge difference on the basis of sex. Policies incorporate biases in favour of existing gender relations and therefore tend to exclude women and are often explicitly male biased.
8. Informed by the Gender at Work Framework, an analysis of the role of social institutions or rules—both formal and informal—in maintaining and reproducing women's unequal position in society
9. In 2014 the Department of Labour set up an investigation with the purpose of examining how a national minimum wage may be implemented in South Africa and to determine its likely impact on the wage structure, inequality, employment and on the standard of living of workers. Once the investigation has been completed, the department envisages a process of consultation with stakeholders and, possibly, further research to better understand particular issues relating to the minimum wage.

contexts. They relate to gender division of labour, power and control and may include such issues as legal rights, domestic violence, equal wages and women's control over their bodies. Meeting strategic gender needs helps women to achieve greater equality. It also changes existing roles and therefore challenges women's subordinate position" (Gender Links).

Addressing both practical and strategic needs would need what Naila Kabeer refers to as a gender redistributive policy, a policy that aims to create supportive conditions for women to empower themselves (Kabeer in March, Smyth & Mukhopadhyay, 1999). Would a NMW be set at a figure high enough for the many women who are single breadwinners to be able to afford appropriate childcare, or is the state considering taking more responsibility for providing childcare – both these are examples of measures that could support women who want to play a more active role in the labour market.

In August 2014 LRS facilitated a 2 day workshop, titled "A worker's dialogue on the National Minimum Wage". In a session focussing on the gendered dimensions of a national minimum wage, one of the participants summed up the views of many of the women present at the workshop:

"There ought to be equality in the work place and in the home. Women are care givers and they have to be providers too. As women and mothers we want good schools for our children and proper childcare …what this NMW would mean to a woman is to be able to take better care of her family as many nights we go to sleep hungry" (LRS Workshop, 2015).

Creating conditions that will ensure women are able to monitor and enforce compliance is a key challenge for the NMW. *"No minimum wage will be attained without women's rights – Compliance can only happen if women workers feel empowered and informed and able to ensure compliance. We have the experience of domestic workers and the difficulty of ensuring compliance with the sectoral determination as an example. Many of the women workers that the NMW cover are not unionised and this poses challenges for compliance. All of this is linked to the internal gender dynamics within trade unions. We cannot advocate for a NMW that promotes gender equality without also advocating for union processes and union culture to change"* (ibid).

CONCLUDING THOUGHTS

What we can conclude is that *"a NMW that will take care of the poorest of the poor, the majority of whom are black, low skilled women, responsible for keeping themselves and their families out of poverty!"* is what is required (ibid). In many of the articles discussing the NMW policy fleeting reference is made to the role the NMW can play in lifting black women out of poverty. So who is this invisible mass of black women who could be lifted out of poverty through the implementation of a NMW? How involved are they in deciding what level the NMW should be fixed at, and what processes are in place to ensure that women feel empowered and supported to report breaches in compliance?

The same women who are forced to accept low wages and long hours while carrying out more and more unpaid reproductive labour as the state cuts public spending, is being "lifted out of poverty", a concept which sounds more like a favour than being paid for all their many hours of productive and reproductive labour. Neither the GDP nor public budgets show the value of this reproductive labour. This lack of visibility of women's contribution to the economy perpetuates women's marginalisation from the economy and entrenches gender inequality.

"There is a very simple equation operating here: if you are invisible as a producer in a nation's economy, you are invisible in the distribution of benefits (unless they label you a welfare 'problem' or 'burden'" (Waring, 2003).

So perhaps the NMW discussion needs to be turned on its head and we need to be looking at how a NMW can ensure that women's contribution to the economy is recognised.

Fixing the NMW is at the moment a highly contested discussion. Should it be close to the poverty line? Should it be a percentage of the national average wage? Should it be a percentage of the median wage? The question is who is involved in these discussions? How are the women who are to be "lifted out of poverty" to be involved, or do they remain passive, invisible recipients? What if the national discussion is framed around "how can a national minimum wage act as a basic, minimum cover for the contribution that women make to the economy"? In this way women will feel free and empowered to speak about how they see themselves contributing to the economy through the different kinds of labour that they are carrying out. Placing a value on reproductive labour will go a long way in women being recognised as equal and important contributors to society, which in turn will increase women's sense of self-worth and agency in closing the gender wage gap and taking the lead in dealing with issues like the level of the NMW and measures to ensure compliance.

"If the production boundary were extended to include production of personal and domestic services by members of households for their own final consumption, all persons engaged in such activities would become self-employed, making unemployment virtually impossible by definition. Rather than justifying leaving most of the work done by most women out of the equation, this statement surely demonstrates that the current definition of unemployment is inappropriate" (ibid).

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A Review Of Collective Bargaining In South Africa In 2014

By George Mthethwa

INTRODUCTION

Collective bargaining is usually a process that is entered into by two willing parties; workers are represented by their trade unions on the one hand and the bosses and their representatives on the other. Collective bargaining can take place at centralised level (through a bargaining council), company level or decentralised level (plant level). The main objective of collective bargaining between employers and trade unions is to negotiate and conclude agreements that cover wages and conditions of employment.

Sectoral determinations regulate the terms or conditions of employment for vulnerable employees in sectors where there is no collective bargaining. The Employment Conditions Commission convenes public hearings in order to gather proposals from both employers and employees and then makes recommendations to the Minister of Labour. Once the Minister approves the recommendations, they are published in the Government Gazette as new wage rates or sectoral determinations (Basic Conditions of Employment Act, Act No. 75 of 1997 Section 51/62).

The purpose of this chapter is to look at the outcomes of collective bargaining in South Africa in 2014. Labour Research Service reviewed 524 collective agreements which were negotiated by various bargaining councils as well as at a decentralised level (**Table 1**) with an estimated coverage of 2 466 281 workers. We also included 9 sectoral determinations (legislated nominal minimum wages) that cover an estimated 5 115 720 unorganised workers (LRS, 2015). LRS visited union offices, together with email, telephone and fax correspondence to communicate with trade union representatives in collecting these documents.

Table 1: Sample Size (Workers Covered by CBA)

Standard Industrial Classification Major Division (SIC)	Number of Wage Agreements 2014	Estimated number of workers covered by wage agreements in sample
Agriculture, hunting, forestry and fishing	15	5 264
Community, social and personal service	14	1 531 900
Construction	15	100 811
Electricity, Gas & Water	9	38 412
Financial intermediation, insurance, real estate…	63	22 191
Manufacturing	191	379 780
Mining and quarrying	55	101 369
Transport, storage and communication	13	121 005
Wholesale and retail trade	149	165 549
Total	524	2 466 281

Source: Labour Research Service (Actual Wage Rates Database)

The process of analysing collective bargaining agreements however faced some challenges due to the fact that there was uneven cooperation from regional offices in submitting the agreements to the LRS office. Some collective bargaining agreements also lacked pertinent information and therefore could not be included in this analysis.

This chapter therefore examines nominal median minimum wages as captured in collective bargaining agreements negotiated in various bargaining councils, plant level agreements and sectoral determinations that are legislated by the Minister of Labour. It also looks at nominal median minimum wages won by trade unions and adjusts these, taking the average inflation rate for 2014 into account to determine the real median minimum wages. The overall aim of the chapter is to develop strategic and practical understanding of nominal wages, real wages and inflation, in an endeavour to assist negotiators in future bargaining rounds.

In this chapter, the term inflation means a sustained increase in the general level of prices for goods and services. It is measured as an annual percentage increase.

The annual inflation rate as measured by Statistics South Africa's Consumer Price Index averaged 6.1% in 2014, an increase from 5.7% in 2013.

The median wage increase was 7.7% in 2014 (LRS AWARD 2014). This is 0.3% lower when compared to the 8% attained in 2013. When we take the effect of rising prices on the wage increase into account, we can conclude that the real wage increase was 1.6% (Using the average inflation rate of 6.1%)

The nominal median minimum wage increased from R3, 336 per month in 2013 to R3, 538 per month in 2014. This translated into an increase of R202 per month or 6%. If we take inflation into account, we find that the real median minimum wage was R3, 146 per month in 2013 and R3, 322 per month in 2014 (LRS AWARD 2014).

DEFINITIONS OF TERMS USED IN THIS CHAPTER

Bilateral Agreements: These are agreements that are concluded between a single employer and one or more trade union. Bilateral agreements include large national companies with many plants or branches as well as small employers with only a single outlet.

Bargaining Council: These agreements are concluded between associations of employers and one or more trade union.

Sectoral Determination: Agreements covering workers in designated/ specific industries.

Cash Wage or Nominal Wage: This is the amount of money that the employer pays the workers, for example, if a worker earns R3, 500 per month then that is the worker's cash wage.

Real Wages: This refers to the value of the wage in terms of what it can buy, that is, the purchasing power of the wage. It is called a real wage because it has taken the effects of rising prices (inflation) on workers' wages into account.

Median Wage: A median wage is the boundary between what the highest 50% of workers are paid and what the lowest 50% of wage earners are paid. Thus, if the median wage in South Africa is R3, 033, this means that 50% of workers are earning above the median wage and 50% are paid below it.

Consumer Price Index measures the change over time in the general price level of goods and services that households buy for the purpose of sustaining themselves (consumption). The Consumer Price Index (CPI) is used to measure the price level in the economy and is published by Statistics South Africa on a monthly basis. Putting it simply, it is a weighted average of the price of goods and services that households purchase.

Minimum Wage: This is the lowest wage permitted by law or a negotiated collective agreement

NBCCI: National Bargaining Council for the Chemical Industry

FMCG: Fast Moving Consumer Goods

SALGA: South African Local Government Association

PSCBC: Public Sector Coordinating Bargaining Council

SARPBC: South African Road Passenger Bargaining Council

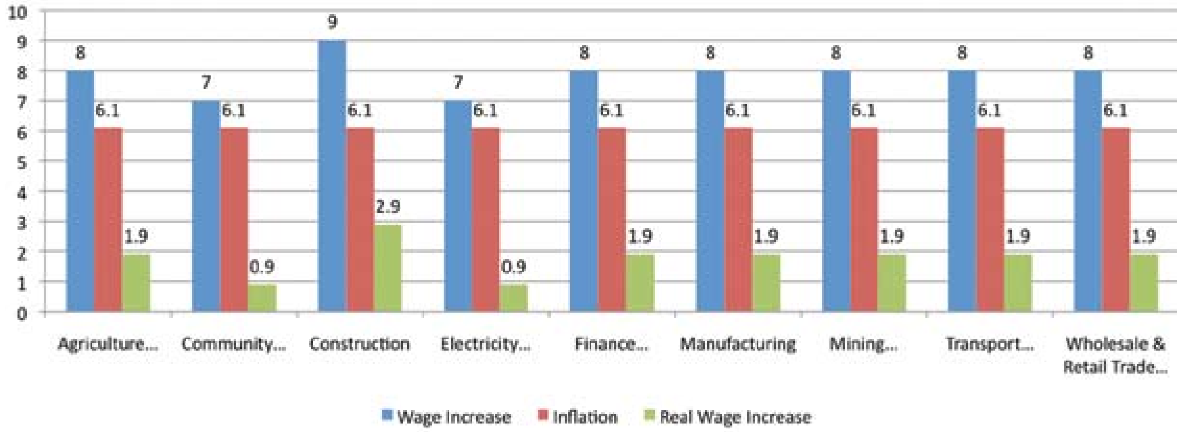
MEIBC: Metal and Engineering Industry Bargaining Council

MIBCO: Motor Industry Bargaining Council

NBCRFLI: National Bargaining Council Road Freight Logistical Industry

Figure 1 shows that the nominal median wage settlement in all industries did not change much in 2014. The lowest nominal median wage settlement was recorded in the electricity and community industry at 7%. The construction industry recorded the highest nominal median wage settlement of 9% in 2014. Other industries attained the same nominal median wage settlement at 8%. If we take average inflation (6.1%) into account, we find that the real median wage settlement for all industries was below 3% in 2014.

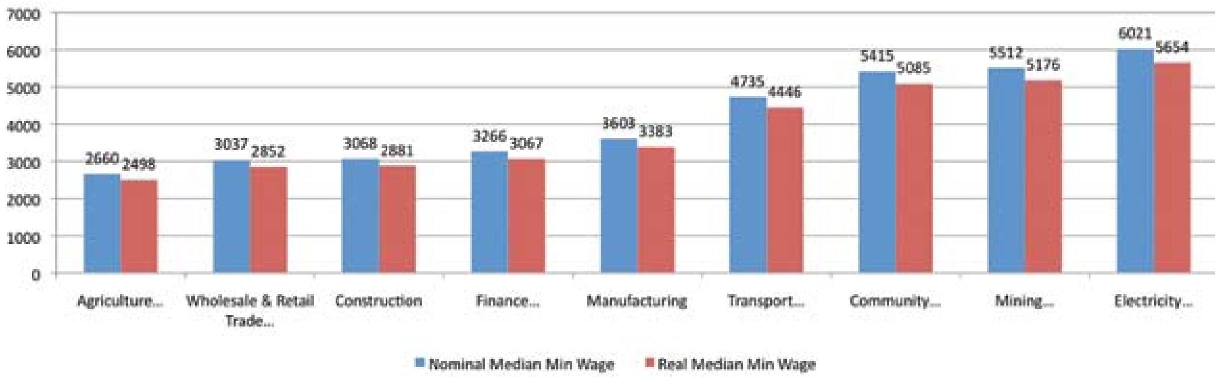
Figure 1: MEDIAN NOMINAL AND REAL WAGE SETTLEMENTS IN 2014



Source: LRS (AWARD)

Figure 2: The lowest nominal median minimum wage was found in the agriculture sector at R2, 660 per month and the highest nominal median minimum wage was found in the electricity industry at R6, 021 per month. If we take inflation into account, we find that the real median minimum wage for agriculture was R2, 498 and for the electricity industry it was R5, 654 per month.

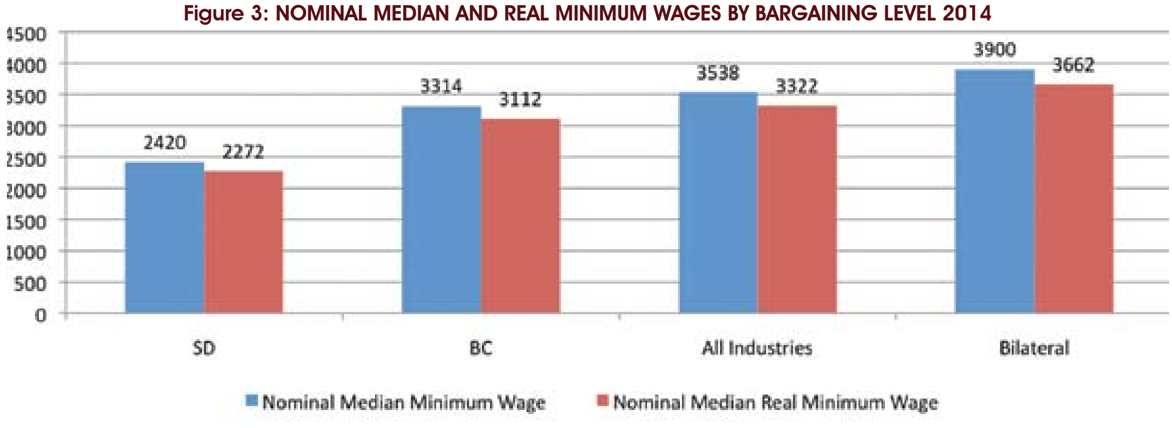
Figure 2: NOMINAL MEDIAN AND REAL MINIMUM MONTHLY WAGES BY INDUSTRIES 2014



Source: LRS (AWARD)

Figure 3: The sectoral determination level attained the lowest nominal median minimum wage of R2, 420 per month. The highest nominal median minimum wage was found at the bilateral level where workers were awarded R3, 900 followed by bargaining council level were agreements were settled at R3, 314 per month. The All industries nominal median minimum wage was R3, 538 per month. If we take inflation into account, we find that the real median minimum wage for sectoral determination was R2, 272, for bargaining councils it was R3, 112 and for the bilateral level was R3, 662 per month. The All industries real median minimum wage came to R3, 322 per month in 2014.

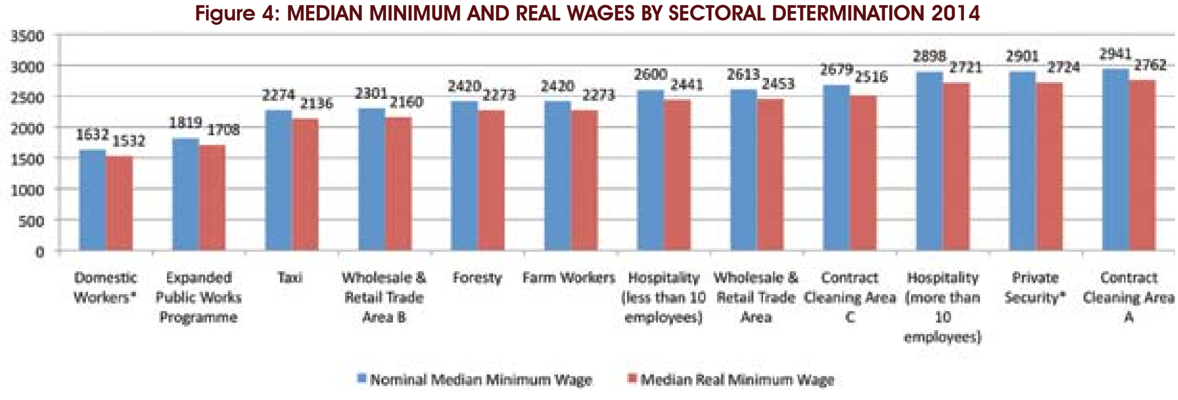
Figure 3: NOMINAL MEDIAN AND REAL MINIMUM WAGES BY BARGAINING LEVEL 2014



Source: LRS (AWARD)

Figure 4: Domestic workers attained the lowest nominal median minimum wage of R1, 632 per month and the highest was recorded by contract cleaning at R2, 941 per month. If we take inflation into account, we find that the real median minimum wage for domestic workers was R1, 532 and for contract cleaning it was R2, 762 per month.

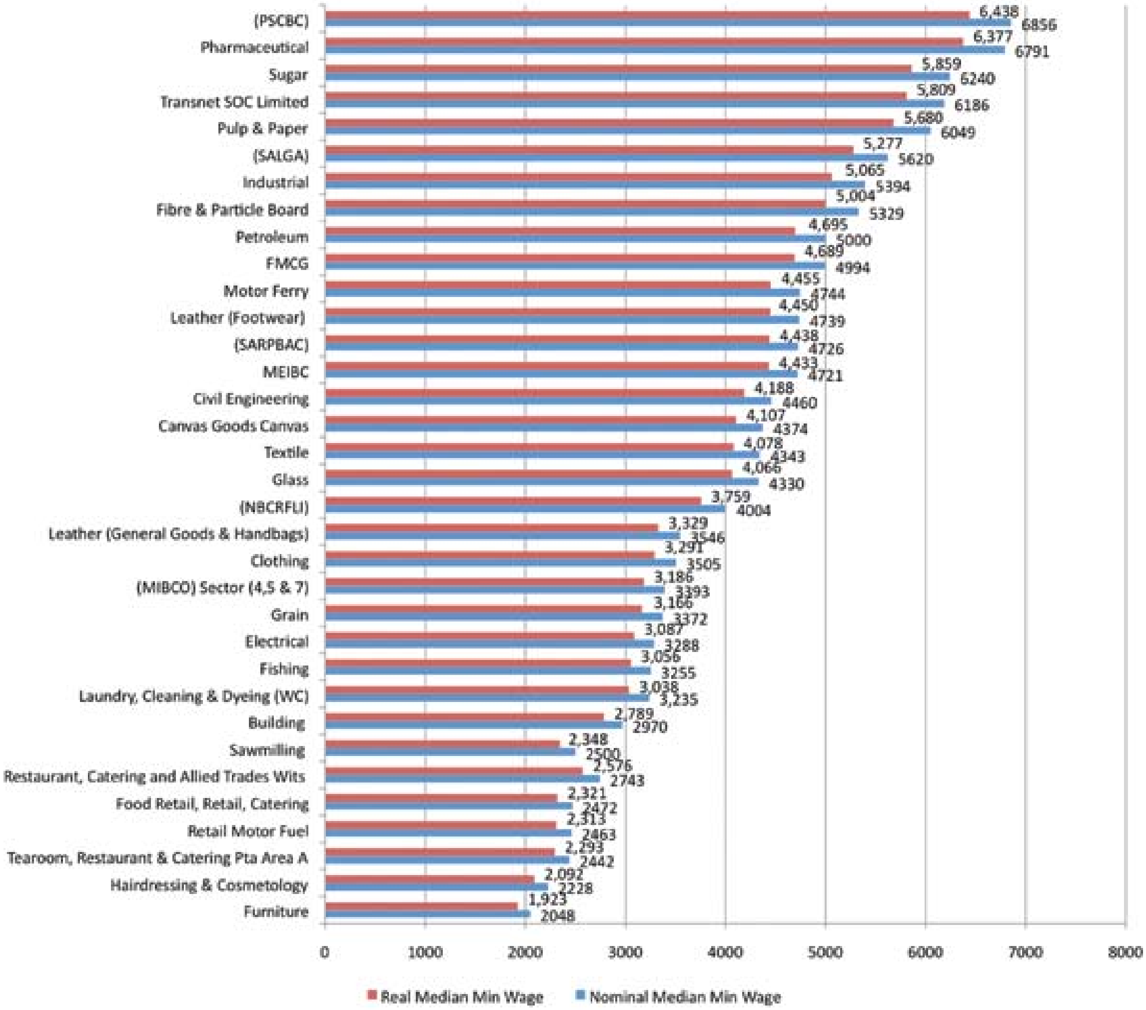
Figure 4: MEDIAN MINIMUM AND REAL WAGES BY SECTORAL DETERMINATION 2014



Source: LRS (AWARD)

Figure 5 shows that by bargaining council, furniture recorded the lowest nominal minimum wage of R2, 048 per month and the general public service sector (PSCBC) attained the highest nominal median minimum wage of R6, 856 per month. If we take inflation into account, we find that the real median minimum wage for the furniture sector was R1, 923 and for the general public service sector it was R6, 438 per month.

Figure 5: MEDIAN MINIMUM AND REAL WAGES BY BARGAINING COUNCIL 2014



Source: LRS (AWARD)

Figure 6: The nominal median minimum wage for all industries increased from R3, 336 per month in 2013 to R3, 538 per month in 2014. This translated into an increase of R202 per month or 6%. If we take inflation into account, we find that the real median minimum all industries wage was R3, 133 per month in 2013 and R3, 322 per month in 2014.

Figure 6: NOMINAL MEDIAN AND REAL MINIMUM WAGES 2013/2014 – ALL INDUSTRIES

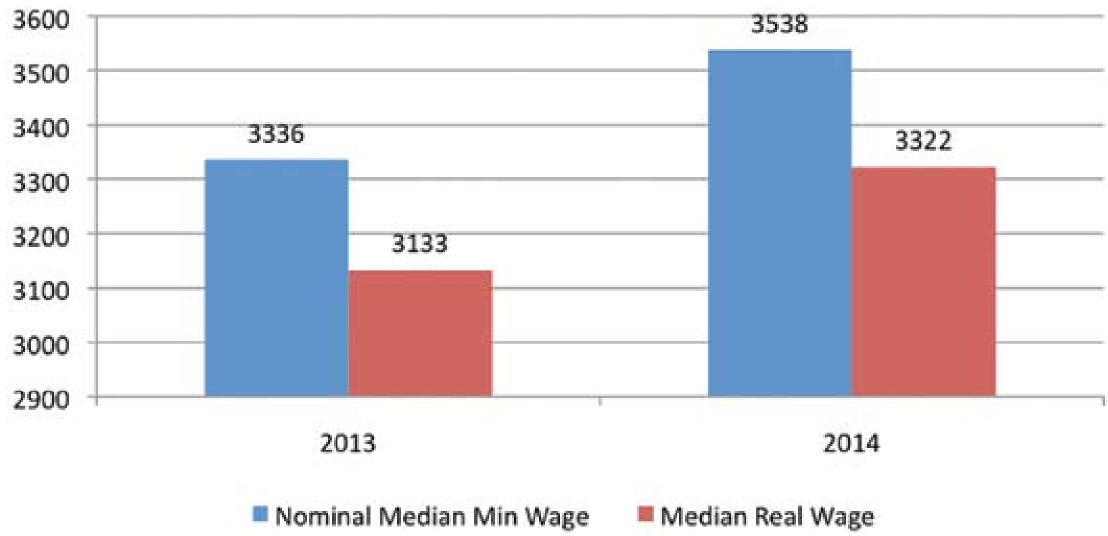
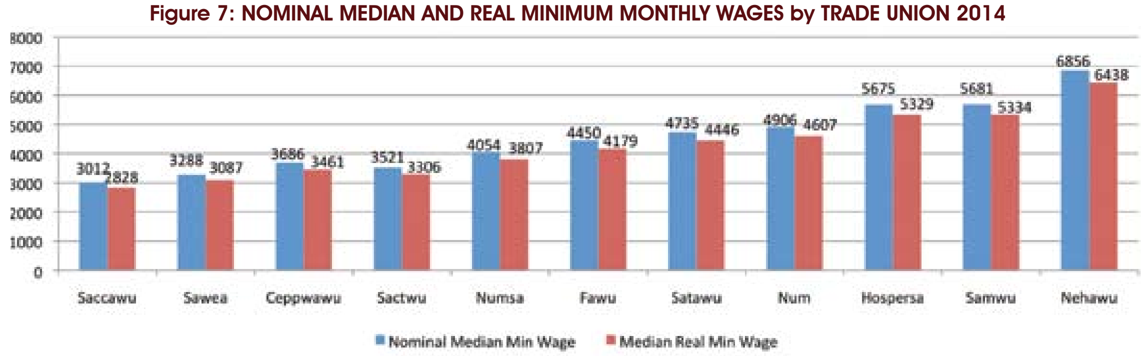


Figure 7 shows that the lowest nominal median minimum wage was recorded by SACCAWU at R3, 012 per month and the highest nominal median minimum wage was recorded by NEHAWU at R6, 856 per month in 2014. If we take inflation into account we find that the real median minimum wage for SACCAWU was R2, 828 per month and for NEHAWU it was R6, 438 per month.

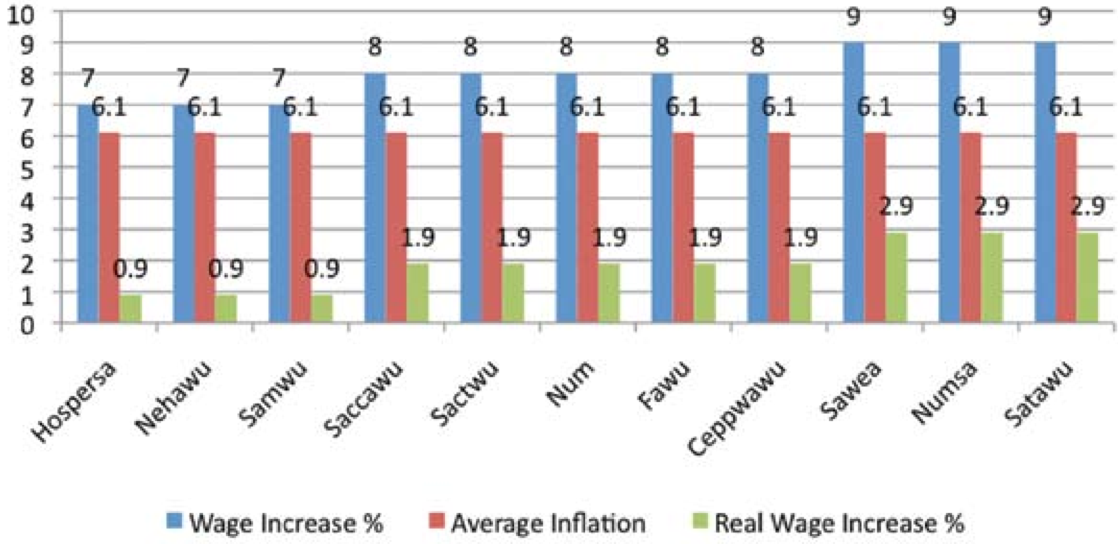
Figure 7: NOMINAL MEDIAN AND REAL MINIMUM MONTHLY WAGES by TRADE UNION 2014



Source: LRS (AWARD)

Figure 8 shows that HOSPERSA, NEHAWU and SAMWU attained the lowest percentage wage increase of 7% and the highest percentage wage increase was recorded by SAWEA, NUMSA and SATAWU at 9%. When we take the average inflation rate for 2014 into account, we find that the real median minimum percentage wage increase negotiated by trade unions was less than 3%.

Figure 8: WAGE INCREASE, INFLATION AND REAL WAGE INCREASES (%) by TRADE UNION 2014



Source: LRS (AWARD)

CONCLUSION

This chapter showed that it is imperative that collective bargaining is continually strengthened in order to improve the standard of living for workers. Trade union negotiators need to be able to distinguish between nominal wages and real wages as this will determine how inflation has affected members' wages. We need to understand that workers are interested not merely in their take home pay, but in the goods and service they can acquire with their wages and therefore, real wage increases need to be well above the inflation rate.

Furthermore, trade unions need to develop other negotiation benchmarks they can use at the bargaining table and should not only rely on the average annual inflation rate as employers always come to the bargaining table with sub-inflation offers. After all, employers never use inflation to determine executive and non-executive directors' remuneration packages.

Trade unions need to develop clear and achievable objectives for collective bargaining beyond wages and start including other issues such as working conditions which are often traded off the collective bargaining agenda. Thus issues pertinent to other workers including women, migrant, casual and contract workers are often neglected by trade union negotiators.

Finally, it is the inflation tactic on the part of employers that have allowed real wages of workers to stagnate over the last twenty years and the real median minimum wage increase of 1.6% for 2014, continues this trend.

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The Maximum Wage: Directors' Fees Report 2015

By Michelle Taal

> *…PwC has encouraged its clients to establish the internal pay gap (the difference between the lowest and highest paid worker), as well as the Gini coefficient (a measure of inequality) within their organisations.*
> - PwC, Executive Directors - Practices and Remuneration Trends Report. 7th Edition, July 2015, South Africa

> *… the differential between the lowest and the highest paid employee is disturbingly high. This is an untenable structural problem that requires carefully considered and sustainable resolution.*
> - AngloGold Ashanti Annual Report, 2014

> *I honestly can't see the value of comparing what a bank teller earns compared to the CEO of our investment bank*
> Laurie Dippenaar – Chairman FirstRand, FirstRand Annual Report 2014

Last year we noted that: "… levels of inequality are starting to be recognised by governments and even corporate analysts as worrying, not [only] because they are unfair and unjust for people at the bottom of the pay pile but also because it is being recognised that sustained and growing inequality is dangerous for everyone in society, including the wealthy and the government itself. Social cohesion cannot be achieved when inequality remains rampant (Massie and Collier, 2014 quoted in LRS, 2014). Societies that are not cohesive are dangerous societies, especially for the poor, but increasingly for everyone. From both sides of the inequality gap there are concerns.

In June 2015 Johann Rupert, the South African Chairman of the Swiss-based luxury-goods company Richemont, who has a personal fortune of around R95 billion, noted at Financial Times Business of Luxury Summit in Monaco that,

> *"We cannot have 0.1 percent of 0.1 percent taking all the spoils", said Rupert, who has a fortune worth $7.5 billion, according to data compiled by Bloomberg. "It's unfair and it is not sustainable…"*

"I don't know what new social pact we'll have", he said. "But we'd better find one. Otherwise our clients will be targets. They'll be hated, despised" (Mulier and Roberts, 2015).

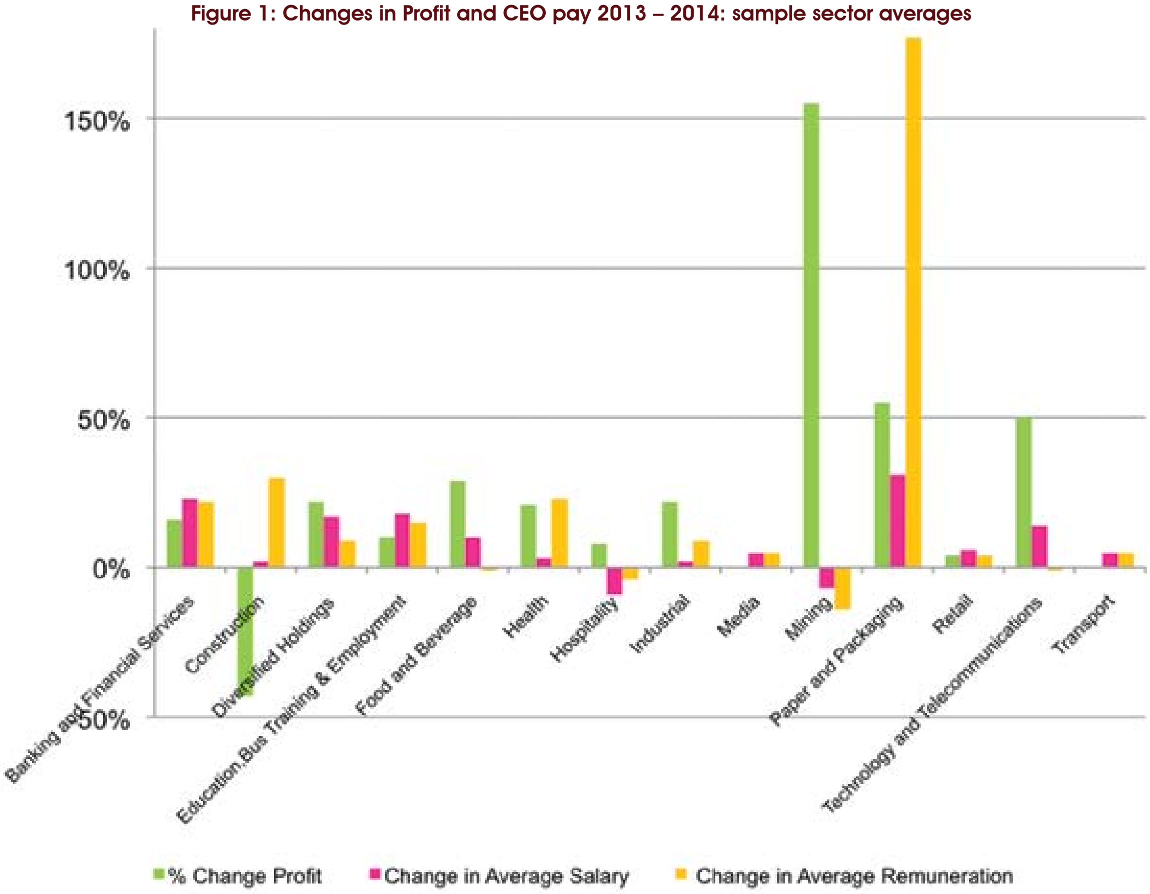
SUMMARY OF FINDINGS

This year's survey of directors' fees covers 90 companies across 14 economic sectors and includes the pay of 298 executive directors in the 2013/2014 financial year.

The survey shows an increase in the average profit of the sample by an enormous 54%. The improvement is not necessarily an indication of sterling performance but rather of huge losses in 2013 being turned around. There were huge increases from Seardel Investments, African Rainbow Minerals and Denel. Also noted is the turnaround at mining giants Glencore and AngloGold Ashanti. 28 of the 90 companies saw a drop in profits, ten of those reporting a loss. What is clear from the figures is that there is no correlation between these results and CEO pay.

In Figure 1 each set of three columns shows the average percentage change in profit, CEO salary and CEO remuneration from 2013 to 2014 in a sample sector. It is clear that these percentages bear no relation to each other that is, company performance seems to have no impact on CEO pay.

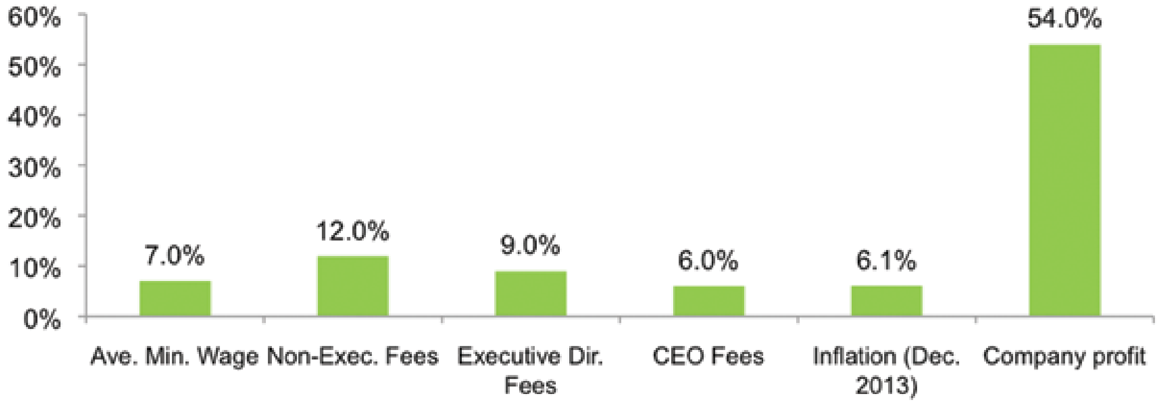
Figure 1: Changes in Profit and CEO pay 2013 – 2014: sample sector averages



Source: LRS MNC Database

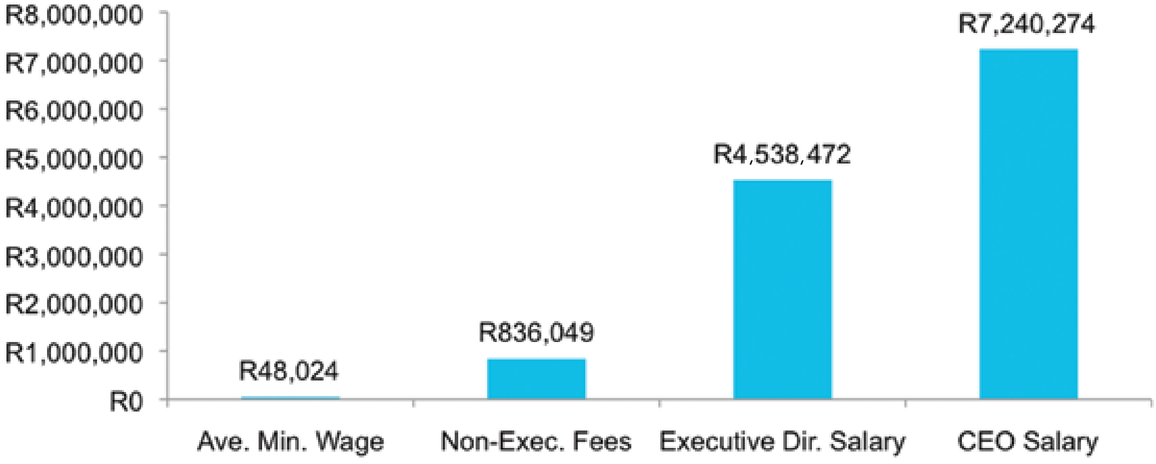
The average executive director's **salary** rose 9%, that of chief executive officers by 6% and non-executive directors' fees by 12%. The average low-wage worker saw an increase of 7% on their wage. What this provides, in real currency, is evidence of why we should remain cautious of companies that are increasingly publicising that their low-wage workers received higher percentage increases than members of the board.

Figure 2: Average salary percentage increases 2013 – 2014



Source: LRS MNC Database and LRS AWARD (Actual Wage Rates Database)

Figure 3: Average annual salaries/ wages 2014



Source: LRS MNC Database and LRS AWARD (Actual Wage Rates Database)

In 2014 the average annual salary (Figure 3) for an executive director was R4, 538, 472, that of a chief executive officer was R7, 240, 274 while part-time non-executive directors received R836, 049. The average annual income for a low-wage worker was R48, 024.

Chief Executive Officer **remuneration**, which includes salaries, various benefit payments and bonuses, was up 10 % on average to R15, 359, 717, excluding payments made from long-term incentives (LTIs) which can make up the bulk of a director's income.

In 2014 the average annual remuneration for an executive director was R9, 882, 356, while for non-executive directors it was R836, 049. A low-wage worker would therefore have to work 17 years, 204 years and 320 years to earn what an average non-executive director, executive director and CEO respectively were paid in 2014.

In 2014 executive directors took home more in a month than what a low wage worker would earn in 94 years.

80% of chief executive officers received bonuses in the year at an average of R7, 012, 414 or 97% of the average salary of those directors, thus almost doubling their income. The average share award payment, or long-term incentive, for those who exercised share options and the like in the year showed gains of over R16 million which was around 224% of their average salary. Taken together bonus and LTI gains added an average of 321% to the CEO's package.

The 88 CEOs in the sample took home a total of R1, 351, 655, 122 in 2014 and the 301 executive directors took home a collective R2, 944, 941, 943. These figures exclude gains made on long-term incentives (LTIs) which can increase a director's package substantially when exercised. CEOs alone made R763, 100, 700 in LTI gains in the period, which, when added to their other annual remuneration, comes to R2, 114, 755, 822, that is, **over two billion rand for 88 individuals**, excluding some once-off payments that have not been included in the analysis.

THE WIDENING WAGE GAP

…Why the wage gap matters…

In its 2015 report on executive pay, PwC South Africa suggests that companies in South Africa are addressing the issue of the internal wage gap in a number of ways (PwC, 2015). None of these ways include a reduction of executive pay for fear of "talent flight". What they say is that some companies (we are not told which ones) are addressing the internal wage gap by awarding general staff higher increases on their **"average base salary" than the increases awarded to top management and executives.** Some CEOs have even "foregone salary increases entirely in order to demonstrate their commitment to addressing the internal wage gap"(PwC, 2015: 12).

The problem with this methodology is three or four fold. The first is that unless the difference in percentage is really substantial, a smaller percentage increase for an executive still means a far higher absolute increase in wages for that executive – 5 % of R7, 000, 000 is a R350, 000 increase whereas 10% of R 48, 000 is not even R5, 000. Furthermore, in 2014, as noted below, the CEO of Shoprite Checkers received no salary increase at all, but still received more in salary, at R49, 656, 000, than any other CEO in South Africa, and around 1800 times more than a minimum wage worker who earned R27, 600 in one of Shoprite's South African stores. The gap is too wide for it to be addressed in this way alone.

The second problem is that this solution deals only with salaries and wages. As we highlight below in our discussion of long-term incentives, salaries are not where the bulk of CEO and executive pay is found. The bulk is in share options and LTIs, which are, along with bonuses and benefits, explicitly excluded from the PwC calculation. For 40 of the CEOs in the sample group the benefits received for medical, pension, vehicle allowances and so on are well over R1 million. The highest benefits for 2014 went to Mark Cutifani of Anglo American. He received GBP 559, 966, about R15, 533, 333 in benefits including pension, car, compensation for tax on relocation, financial advice, club subscriptions, death and disability benefits, medical insurance and other ancillary benefits (AngloAmerican Annual Report, 2014: 98-99). The company has effectively hidden a large part of his pay in benefits and so they are excluded from the wage-gap calculation.

Therefore, to pretend that inequality is in any way lessened through salary freezes is naïve at best, disingenuous at worst.

Moreover, despite claims that they are addressing the wage gap, this gap is not disclosed in the annual reports and no real targets, plans or strategies are reported and no monitoring mechanisms are put in place to see if any of these goals are being achieved.

The average minimum wage for workers in South Africa in 2014 has been calculated at R4, 002 a month or R48, 024 per year across formal sectors. Using data from the 2014 financial year for both workers and executives, it would take low wage workers, on average, 17 years (2013: 16 years), 204 (2013: 209 years) and 320 (2013: 309 years) to earn what a part–time non-executive, executive and a CEO took home in that year, **excluding share payments and dividends.** LRS excluded share payments and dividends from calculations not because they are not relevant but because these are not regular payments and could distort annual gaps by rising and falling annually. Executives do not cash in their share options on a regular basis in the same way that they are paid a bonus and salary. We do note that for 2014, with share payments included the average overall pay for CEOs is R23, 761, 301, and the wage gap when compared to a low-pay worker is 495 years. In many ways this is a more realistic reflection of the inequality that exists in our labour force.

Figure 4: The Wage Gap in South Africa in 2014

– How many years it would take a worker to earn these wages

Source: LRS MNC Database and LRS AWARD (Actual Wage Rates Database)

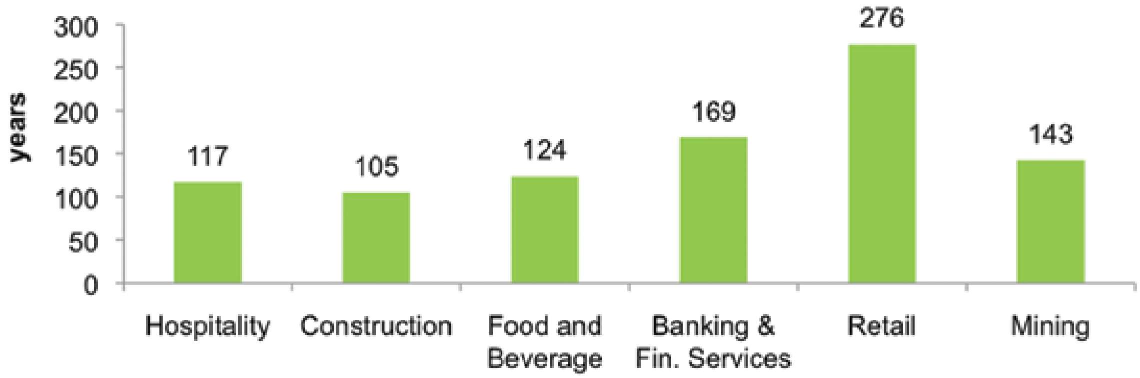
Perhaps it is for this reason that the Chairman of FirstRand spends nearly a page of the 2014 FirstRand Annual Report discussing inequality while refusing to disclose its levels at his bank (FirstRand, 2014).

> *I honestly can't see the value of comparing what a bank teller earns compared to the CEO of our investment bank. Comparative pay is not a simple formula; reward must be commensurate with the volume of work, responsibility, complexity of role and a myriad of other considerations. That's why we run a balanced scorecard when assessing the performance and remuneration of a prescribed officer. Comparative numbers on a page, which are impossible to put proper context to, simply stoke emotional responses.*
>
> *I acknowledge that those tasked with remuneration oversight have a duty to explain themselves. ... would welcome any shareholder to engage with me on this topic as I think the Group has a good track record of ensuring management and shareholder interests are appropriately aligned" (FirstRand, 2014: 11).*

Mr Dippenaar's response to the wage gap issue illustrates how management underestimates our ability to understand pay structures but more than supports our call for greater transparency in the disclosure of performance measures and targets for executive pay. If it was clearly explained why and how executive pay was calculated, based on all these performance measures, then a more considered judgement could perhaps be made on what would be a reasonable gap. As it stands, remuneration reports make it almost impossible to understand the relationship between job requirements, pay and performance. Further, what Mr Dippenaar fails to note is that extreme wage gaps are part of how the companies are making the high profits that keep the shareholders happy. He also makes very obvious whose opinion he is interested in – only the shareholders, because only their interests are aligned with his.

The sectoral wage gap (Figure 5) - comparing CEO pay with minimum wages in specific sectors - also shows that the wage gap in Mr Dippenaar's sector, banking, is one of the higher ones we have recorded.

Figure 5: The Sectoral Wage Gap in South Africa in 2014



Source: LRS MNC Database and LRS AWARD (Actual Wage Rates Database)

EXECUTIVE SALARIES AND REMUNERATION

We note the highest paying companies in the sample group (Table 1) below, highlighting not only the annual pay of the directors but also the monthly and weekly pay to make it more comparable to workers' wages.

Table 1: Top Five Average Executive Director Salaries 2014

Company	Sector	**Average per week**	Average per month	Average per year	% Salary increase
BHP Billiton	Mining	**R327, 175**	R1, 416, 667	R17, 000, 000	74%
Anglo American	Mining	**R324, 609**	R1, 405, 556	R16, 866, 667	37%
Glencore	Mining	**R309, 426**	R1, 339, 815	R16, 077, 778	94%
SABMiller	Food & Beverage	**R292, 693**	R1, 267, 361	R15, 208, 333	32%
Mondi Group	Paper & Packaging	**R239, 248**	R1, 035, 942	R12, 431, 310	19%

Source: LRS MNC Database

Unsurprisingly, the top salaries in the country are, on average, earned in companies with the highest international exposure and that tend to pay in foreign currency. Beyond this, it also remains the mining companies, where workers constantly face accusations of being unreasonable over pay, that the executives are receiving the highest pay in the country. At nearly R30, 000 on average per week, executives at BHP Billiton are earning over four times more in a week than the lowest paid workers earn in a year.

Table 2: Top Five Average Executive Director Remuneration Paid in 2014

Company Name	Sector	Remuneration per week	Remuneration per month	Remuneration per year	Remuneration % change
Anglo American	Mining	R1, 058, 507	R4, 583, 333	R55, 000, 000	47%
Investec	Banking & Financial Services	R942, 395	R4, 080, 569	R48, 966, 833	39%
BHP Billiton	Mining	R728, 445	R3, 154, 167	R37, 850, 000	57%
SABMiller	Food & Beverage	R697, 011	R3, 018, 056	R36, 216, 667	34%
Mondi Group	Paper & Packaging	R656, 387	R2, 842, 157	R34, 105, 886	4%

Source: LRS MNC Database

On average, dual listed companies, with a large proportion of their business outside of South Africa that pay their executives in USD, Euros or GBP, also pay the highest once benefits and bonuses are added to salaries (Table 2).

CHIEF EXECUTIVE OFFICER SALARIES AND REMUNERATION

There has been a high level of turbulence at the top of companies in the past financial years with the CEO position changing hands in 15 companies (17% of those companies surveyed). 2013 saw ten changes in CEO positions, particularly in the mining industry. These changes make a precise calculation of salaries and remuneration for the office impossible from the figures as disclosed. According to our methodology, we price the position rather than the person and so, with some pro-rating, we have done this. Where more than a single person has occupied the position of CEO in the years under review, we have tried to calculate time served in the position and combined the figures to show how much the company has spent on a single position, rather than an individual, in the year.

The high levels of turnover in the CEO and other executive positions also give lie to the remuneration policy of granting many long-term incentive shares to executives to ensure retention at the top.

CEOs in the survey received an average annual salary increase of 6% in 2014, making the average annual salary R7, 240, 274, up from R6, 843 578 in 2013. As in 2013 this average salary is not even equal to 15% of the top salary for the year. In other words, the average CEO would need to work nearly seven years to earn what the top paid CEO was paid in 2014. As in 2011, 2012 and 2013 the company paying the highest CEO salary in 2014 is the retailer Shoprite Checkers. This salary of R49, 656, 000 is in fact the same as 2013, as he has accepted a salary freeze, which still puts him at a salary more than double his nearest rival, Markus Jooste of Steinhoff International.

Table 3: Highest CEO Salaries 2014

Company Name	Sector	CEO Surname	Salary 2014
Shoprite	Retail	Basson	R49, 656, 000
Steinhoff International	Diversified Holdings	Jooste	R25, 350, 000
Anglo American	Mining	Cutifani	R20, 600, 000
SABMiller	Food & Beverage	Clark	R18, 083, 333
BHP Billiton	Mining	Mackenzie	R17, 000, 000

Source: LRS MNC Database

Table 4: Highest CEO Remuneration 2014

Company Name	Sector	CEO Surname	Remuneration 2014
Sappi	Paper & Packaging	Boettiger & Binnie	R71, 140, 158
Anglo American	Mining	Cutifani	R62, 083, 333
Sasol	Industrial	Constable	R51, 962, 000
Shoprite	Retail	Basson	R49, 972, 000
SABMiller	Food & Beverage	Clark	R46, 333, 333

Source: LRS MNC Database

Even without a bonus, Shoprite comes out in the top five remuneration for the year, although the combined remuneration (Table 4) of the two top heads at Sappi are astronomical, partly because of the severance package of R49, 881, 895 given to the outgoing CEO.

Table 5: Top five CEO salary increases 2013 - 2014

Company Name	Sector	CEO Surname	Salary 2013	Salary 2014	Salary Change %
Barclays Africa Group	Banking & Financial Services	Ramos	R6, 059, 852	R13, 478, 920	122%
Pick n Pay Stores	Retail	Ackerman & Brasher / Brasher	R3, 939, 200	R7, 000, 000	78%
South African Airways	Transport	Mzimela / Bezuiden-hout & Kalawe	R2, 248, 000	R3, 900, 000	73%
Vodacom	Technology & Tele-communications	Aziz Joosub	R3, 831, 026	R5, 935, 617	55%
Sappi	Paper & Packaging	Boettger / Boettger & Binnie	R6, 509, 400	R9, 486, 674	46%

Source: LRS MNC Database

Once again highlighting the danger of focussing entirely on wages as a measure of the wage gap as well as drawing attention to how management are concealing salaries in new remuneration structures, Barclays Africa Group has introduced an additional part of guaranteed fixed pay called "Role Based Pay". The CEO receives this pay quarterly as phantom shares (the cash equivalent of the value of shares at the time) subject to a holding period, with the restrictions lifting over five years (20% each year). Despite its label, this remains a guaranteed salary payment - other recipients receive Role Based Pay monthly, in cash, alongside salary. It is therefore included here to show how it impacts on the CEO's basic income, more than doubling it from 2013 (Barclays Africa Group, 2014: 77).

Table 6: Top Five CEO Bonuses as a Percentage of Salary

Company name	Sector	CEO Surname	Salary 2014	Bonus 2014	Bonus % Salary
Investec	Banking & Financial Services	Koseff	R6, 202, 100	R32,833, 333	529%
Basil Read	Construction	**Heyns, Niclau & Hughes**	**R3, 414, 311**	**R12, 324, 775**	361%
Assore limited	Mining	Cory	R4, 679, 000	R15, 261, 000	326%
WBHO	Construction	Nel	R2, 139, 000	R5, 056, 000	236%
Life Healthcare Group	Health	**Fleming & Meyer**	**R3, 622, 000**	**R8, 009, 000**	221%

Source: LRS MNC Database

The annual bonus (Table 6) paid for individual and group achievement in the year, is usually granted as a percentage of salary, with a higher percentage paid for better performance. The CEO of Investec, Mr Koseff did not receive a wage increase in 2014 and so, by PwC standards, he is meeting the challenge of the internal wage gap by not increasing his pay. However, given his bonus payment, a wage increase hardly seems necessary, especially since he has received these astronomical bonuses for many years now, as if they were predetermined. One would have to ask what it was that earned him yet another record bonus – a 31% increase on his 2013 bonus which was already a record and quadrupled his 2013 income. Latest news is that for the year ended in March of 2015, this amount has again increased alongside an extra R19, 000, 000 in shares as fixed income. Investec is among 11 companies being investigated for alleged foreign-currency market rigging, South Africa's Competition Commission said in May of 2015.

Once again, when it comes to more complex instruments (Table 7) of executive pay, it is the banking and financial services sector that weights the bulk of CEO compensation here. It is also further evidence of why we need better disclosure of this form of remuneration – its structure, targets and amounts, and why it needs to be included when we discuss addressing inequality.

Table 7: Top Payments from "Long-Term Incentive Plans" for CEOs as a Percentage of Salary

Company	Sector	CEO Surname	Salary 2014	LTI 2014	LTI % Salary
FirstRand Bank	Banking & Financial Services	Nxasana	R7, 522, 000	R77, 609, 945	1032%
Liberty Holdings	Banking & Financial Services	Hemphill & Dloti	R5, 479, 000	R55, 078, 075	1005%
Truworths	Retail	Mark	R6, 270, 000	R43, 267, 000	690%
BHP Billiton	Mining	Mackenzie	R17, 000, 000	R97, 255, 770	572%
Sanlam	Banking & Financial Services	van Zyl	R4, 452, 000	R24, 084, 000	541%

Source: LRS MNC Database

The PwC report claims that remuneration committees are "reigning in executive pay increases", showing that …"research reveals that increases in total guaranteed pay (TGP) to executives remained subdued and below those granted to workers in 2014 (PwC, 2014: 13).

However, TGP excludes performance bonuses, incentive plans or share options. As evidenced in the tables above, both the bonuses and share incentives are significant parts of executive pay. Unless we are to move to a system of guaranteed pay only, excluding this part of executive pay is not acceptable.

What the PwC report does note is that where LTIs are disclosed, the standard of disclosure is poor, making it difficult to accurately gauge the gains that directors are making (PwC, 2015: 13).

SECTORS

Across the sectors, the Public Investment Corporation, the biggest South African investor, voted against executive pay at some of the country's biggest gold-mining companies (where they have investments) for a second year. Of the PIC's 46 votes against companies' AGM resolutions, 46%, the largest amount, were rejecting pay policies.

Many of these rejections were at mining companies, including AngloGold Ashanti, Sibanye Gold and Gold Fields.

The PIC also voted against the pay plans at Barclays Africa Group, Exxaro Resources, ArcelorMittal SA and Pick n Pay Stores (Bonorchis and Crowley, 2015.)

Table 8: Sector CEO Salary 2013-2014

Sector	Average Salary 2013	Average Salary 2014	2013 – 2014 change (R)	Change (%)
Banking & Financial Services	R6, 290, 489	R7, 741, 224	R1, 450, 736	23%
Construction	R3, 922, 400	R4, 015, 885	R93, 486	2%
Diversified Holdings	R8, 956, 833	R10, 519, 167	R1, 562, 333	17%
Education, Bus Training & Employment	R2, 578, 000	R3, 032, 000	R454, 000	18%
Food & Beverage	R5, 542, 467	R6, 118, 633	R576, 167	10%
Health	R4, 844, 200	R4, 982, 400	R138, 200	3%
Hospitality	R5, 009, 130	R4, 546, 442	-R462, 688	-9%
Industrial	R5, 520, 369	R5, 620, 649	R100, 280	2%
Media	R1, 575, 000	R1, 654, 000	R79, 000	5%
Mining	R10, 047, 293	R9, 320, 638	-R726, 655	-7%
Paper & Packaging	R8, 205, 914	R10, 716, 882	R2, 510, 969	31%
Retail	R9, 579, 800	R10, 196, 144	R616, 344	6%
Technology & Telecommunications	R6, 382, 059	R7, 256, 539	R874, 480	14%
Transport	R3, 931, 693	R4, 111, 932	R180, 238	5%
Total	**R602, 234, 834**	**R637, 144, 118**	**R34, 909, 284**	
Average	**R6, 843, 578**	**R7, 240, 274**	**R396, 696**	**6%**
Monthly	**R570, 298**	**R603, 356**	**R33, 058**	
Weekly	**R131, 709**	**R139, 343**	**R7, 635**	

Source: LRS MNC Database

While executive pay is disclosed in annual figures (Table 8), most of us think of our wage in a monthly or weekly figure. The averages are therefore broken down to show these figures. CEOs on average, were receiving R139, 343 per week or R603, 356 per month in 2014. In three of the sectors the average annual salary is above R10, 000, 000 for the CEO with the lowest salary at the single company in the media sector, Caxton, at R1, 654, 000. However, at Naspers, where the outgoing CEO received no salary and is therefore not included in the calculation here, other pay structures ensure that his huge gains remain all but hidden, as is discussed below.

Table 9: CEO Remuneration 2013 - 2014

Sector	Average Rem 2013	Average Rem 2014	2013 – 2014 change	Change (%)
Banking & Financial Services	**R14, 521, 691**	**R17, 732, 180**	**R3, 210, 489**	**22%**
Construction	**R9, 527, 726**	**R12, 399, 156**	**R2, 871, 429**	**30%**
Diversified Holdings	**R16, 083, 000**	**R17, 486, 167**	**R1, 403, 167**	**9%**
Education, Bus Training & Employment	**R7, 328, 000**	**R8, 432, 000**	**R1, 104, 000**	**15%**
Food & Beverage	**R12, 401, 221**	**R12, 274, 833**	**-R126, 388**	**-1%**
Health	**R9, 561, 350**	**R11, 731, 638**	**R2, 170, 288**	**23%**
Hospitality	**R11, 870, 637**	**R11, 358, 984**	**-R511, 653**	**-4%**
Industrial	**R12, 180, 779**	**R13, 249, 352**	**R1, 068, 573**	**9%**
Media	**R1, 575, 000**	**R1, 654, 000**	**R79, 000**	**5%**
Mining	**R20, 752, 334**	**R17, 896, 244**	**-R2, 856, 089**	**-14%**
Paper & Packaging	**R15, 826, 655**	**R43, 878, 546**	**R28, 051, 891**	**177%**
Retail	**R15, 094, 011**	**R15, 823, 344**	**R729, 333**	**5%**
Technology & Telecommu-nications	**R16, 584, 499**	**R16, 446, 157**	**-R138, 341**	**-1%**
Transport	**R7, 841, 714**	**R8, 265, 686**	**R423, 972**	**5%**
Total	**R1, 231 904, 363**	**R1, 351, 655, 122**	**R119, 750, 759**	
Average Annual	**R13, 998, 913**	**R15, 359, 717**	**R1, 360, 804**	**10%**
Average Monthly	**R1, 166, 576**	**R1, 279, 976**	**R113, 400**	
Average Weekly	**R269, 417**	**R295, 607**	**R26, 189**	

Source: LRS MNC Database

On average, in almost all of the sectors surveyed, once benefits and bonus are added to the CEO's salary their pay more than doubles to an average cross-sector CEO remuneration of R15, 359, 717. This is true despite the fact that in three sectors annual remuneration is down on 2013. Only in media, which includes only one small company, education and business training, and transport, is the CEO remuneration below R10, 000, 000.

Table 10: Average Executive Director Salary 2013-2014

Sectors	Average Salary 2013	Average Salary 2014	2013 – 2014 change	Change (%)
Banking & Financial Services	R4, 453, 828	R5, 408, 735	R954, 906	21%
Construction	R2, 796, 161	R2, 732, 473	-R63, 688	-2%
Diversified Holdings	R4, 850, 563	R5, 811, 858	R961, 296	19%
Education, Bus Training & Employment	R2, 084, 250	R1, 942, 000	-R142, 250	-7%
Food & Beverage	R3, 707, 310	R3, 812, 860	R105, 550	3%
Health	R3, 972, 789	R3, 635, 471	-R337, 319	-8%
Hospitality	R3, 025, 319	R3, 105, 317	R79, 998	3%
Industrial	R3, 630, 831	R3, 637, 697	R6, 866	0%
Media	R2, 283, 000	R2, 398, 167	R115, 167	5%
Mining	R5, 560, 529	R6, 340, 626	R780, 097	14%
Paper and Packaging	R6, 474, 801	R6, 340, 745	-R134, 057	-2%
Retail	R4, 364, 258	R4, 496, 464	R132, 206	3%
Technology & Telecommunications	R4, 132, 752	R6, 275, 066	R2, 142, 314	52%
Transport	R3, 186, 004	R3, 307, 435	R121, 432	4%
Total Salaries	R1, 295, 801 834	R1, 363, 895, 995	R68, 094, 161	
Average Annual	R4, 153, 211	R4, 531, 216	R378, 005	9%
Average Monthly	R346, 100	R377, 601	R31, 500	
Average Weekly	R79, 930	R87, 205	R7, 275	

Source: LRS MNC Database

Over the broader executive group, there was an average increase in salaries of 9 % to R4, 531, 216 (Table 10), that is R87, 205 per week. Five sectors paid on average over R5, 000, 000 in basic executive wages. This is despite the fact that in four sectors, average executive salaries are seen to fall from 2013 to 2014.

Table 11: Average Executive Director Remuneration 2013-2014

Sectors	Average Remuneration 2013	Average Remuneration 2014	2013 – 2014 change	Increase (%)
Banking & Financial Services	R13, 326, 273	R15, 412, 333	R2, 086, 060	16%
Construction	R6, 103, 655	R6, 671, 567	R567, 911	9%
Diversified Holdings	R8, 545, 714	R9, 513, 276	R967, 562	11%
Education, Bus Training & Employment	R4, 875, 750	R4, 657, 400	-R218, 350	-4%
Food & Beverage	R7, 521, 026	R7, 413, 043	-R107, 983	-1%
Health	R6, 978, 495	R7, 107, 167	R128, 672	2%
Hospitality	R7, 833, 887	R7, 178, 444	-R655, 443	-8%
Industrial	R7, 042, 909	R8, 517, 550	R1, 474, 640	21%
Media	R4, 218, 833	R4, 369, 500	R150, 667	4%
Mining	R12, 364, 310	R12, 939, 043	R574, 733	5%
Paper & Packaging	R15, 811, 669	R20, 758, 687	R4, 947, 018	31%
Retail	R8,139, 076	R8, 157, 389	R18, 313	0%
Technology & Telecommunications	R11, 507, 024	R12, 706, 107	R1, 199, 083	10%
Transport	R6, 898, 530	R6, 878, 408	-R20, 122	0%
Total Remuneration	R2, 818, 074, 605	R2, 944, 941, 943	R126, 867, 338	
Average Annual	R9, 032, 290	R9, 783, 860	R751, 570	8%
Average Monthly	R752, 691	R815, 322	R62, 631	
Average Weekly	R173, 832	R188, 296	R14, 464	

Source: LRS MNC Database

The lowest average director remuneration was in media, at R4, 369, 500, while the highest for 2014 was in paper and packaging at R20, 758, 687. Industrials, a highly diverse sector, showed the highest increase in average remuneration of 21%. Despite the fact that the economy has been in a slump for years now, in only two sectors, namely in Hospitality and Education, Business Training and Employment was there a recorded decline in the average executive remuneration.

Table 12: Non-executive Director Pay

Sectors	Average Remuneration 2013	Average Remuneration 2014	2013 – 2014 change	Increase (%)
Banking & Financial Services	R1, 134, 487	R1, 229, 142	R94, 655	8%
Construction	R542, 990	R533, 917	-R9, 073	-2%
Diversified Holdings	R777, 373	R490, 345	-R287, 029	-37%
Education, Bus Training & Employment	R182, 000	R242, 850	R60, 850	33%
Food & Beverage	R380, 490	R700, 891	R320, 401	84%
Health	R461, 667	R478, 895	R17, 228	4%
Hospitality	R617, 725	R715, 869	R98, 144	16%
Industrial	R579, 628	R596, 850	R17, 222	3%
Media	R1, 038, 353	R1, 061, 773	R23, 420	2%
Mining	R1, 220, 695	R1, 399, 343	R178, 647	15%
Paper & Packaging	R944, 835	R1, 203, 753	R258, 918	27%
Retail	R549, 691	R545, 782	-R3, 909	-1%
Technology & Telecommunications	R676, 935	R824, 500	R147, 565	22%
Transport	R353, 134	R460, 881	R107, 747	31%
Total Fees	R677, 151, 851	R733, 214, 900	R56, 063, 049	
Average Annual	R746, 584	R836, 049	R89, 465	12%
Average Monthly	R62, 215	R69, 671	R7, 455	
Average Weekly	R14, 368	R16, 090	R1, 722	

Source: LRS MNC Database

Results show that on average (meaning that some are paid more than this) companies in Media, Mining, Banking and Paper and Packaging are paying non-executives over R1 million annually for their part-time role.

RECOMMENDATIONS:

1. EEA4 – Publish your wage gap

Despite the resistance from some in management, companies are required to submit their internal wage gap to the Department of Labour as part of Employment Equity Requirements. However, there are some issues with the requirements as they exclude outsourced and contract workers from the sample and also excludes share payments from the calculations of income. As we have shown, the share element can have an enormous impact on executive pay and, should it remain excluded, could result in more and more executive pay being "hidden" in shares. We demand, not only that these figures be included, but that outsourced workers be included in the calculation and that the figure is published in the annual report.

2. Transparency in structure and content of remuneration paid

We demand transparency in both the structure and content of remuneration reports. Remuneration reports are the least standardised of all the financial reports in the annual report. The lack of transparency in reporting does not assist stakeholders to understand how executives are being paid and often hides large parts of their income. This distorts the internal and external wage gaps. It is noted in this regard that PwC, who also publishes an annual report on directors' fees, do not even consider LTIs in their analysis but focus only on Guaranteed Pay and Short Term Incentives which again excludes this vast pool of wealth (PwC, 2015).

JP (Koos Bekker) the outgoing CEO of Naspers, is paid entirely in shares, but from the remuneration policy it appears that he receives no income at all. In the Naspers Annual Report (Naspers, 2014) it says:

> *…chief executive, Mr J P Bekker, does not earn any remuneration from the group. In particular no salary, bonus, car scheme, medical or pension contributions of any nature are payable.*

But,

> *"Mr J P Bekker has an indirect 25% interest in Wheatfields 221 Proprietary Limited, which controls 168 605 Naspers Beleggings (RF) Beperk ordinary shares, 16 860 500 Keeromstraat 30 Beleggings (RF) Beperk ordinary shares and 133 350 Naspers A shares."*

There is also a share payment arrangement, 3.9-million shares that were paid in the years three, four and five of his contract (Naryshkine, 2013):

The directors of Naspers (and their associates) had the following interests in Naspers N ordinary shares as at 31 March:

	31 March 2014 Naspers N ordinary shares Beneficial			31 March 2013 Naspers N ordinary shares Beneficial		
Name	**Direct**	**Indirect**	**Total**	Direct	Indirect	Total
T Vosloo(5)	**—**	**160 000**	**160 000**	—	185 000	185 000
J P Bekker(7)	**11 687 808**	**4 688 691**	**16 376 499**	11 687 808	4 688 691	16 376 499

Source: Naspers, 2014 Annual Report

At the current share price (10 July 2015) those shares are worth over R30 billion!

If we are to tackle the incredibly high pay of the executive management of companies, we need to be able to understand both the content and the structure of this pay so that we can engage with it.

3. Appendices

Appendix 1: Methodology

The sample includes 90 companies from 14 broad sectors. Most are listed on the Johannesburg Stock Exchange (JSE) but the sample also includes five State Owned Enterprises (SOEs), namely, ACSA, Denel, Eskom, South African Airways and Transnet, and three resource companies listed elsewhere – Glencore, Sasol and Petra Diamonds. While it is not a comprehensive sample, it does include over half the top 100 listed companies by market capitalisation as at 1 June 2015. The data has been extracted from the published Annual Reports and accounts for the financial year ending in 2014. For CEO pay, the Naspers CEO was not included as he takes no annual remuneration.

Survey method

Companies do not disclose director fees in a uniform way. The report has drawn and analysed figures in a manner that we believe make them most comparable to each other. Individual directors join and leave positions and companies throughout the year. The report's objective is to show how much was spent on the director positions in the year rather than on individual directors. In the case of aggregated figures, averages may be higher or lower if a director serves only part of the year. In the case of chief executives where an individual position is analysed, we have attempted to reconcile figures for both individuals who have occupied a position in the year. This is of necessity an estimate. 2014 again saw a large number of changes in the board, particularly at CEO level which has resulted in an unusually high number of aggregated figures.

Foreign currency

Where required, the annual average exchange rate for the financial year in question has been calculated from the currency converter website [Available at: http://www.oanda.com]. These vary depending on the financial year-end.

Workers' wages

The comparative figures used here for workers' wages are drawn from the Labour Research Service AWARD database [Available at: http://www.lrs.org.za/award]. The figures used here represent the average minimum low-wage occupation income across all sectors for 2013 and 2014.

Appendix 2: Chief Executive Officers
Appendix 3: Executive Directors
Appendix 4: Non-executive Directors
Appendix 5: Chief Executive Officer Performance Pay
Appendix 6: Company Performance and Changes in CEO Pay

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Appendix 2: CEO salary and remuneration 2013 - 2014

Company	Sector	2013 CEO	2014 CEO	2013 Salary	2014 Salary	Change in salary	2013 Annual Remuneration	2014 Annual Remuneration	Change in Remuneration
Barclays Africa Group	Banking and Financial Services	Ramos	Ramos	R6,059,852	R13,478,920	122%	R15,458,220	R18,477,288	20%
Discovery	Banking and Financial Services	Gore	Gore	R3,876,000	R4,229,000	9%	R9,756,000	R8,192,000	-16%
FirstRand Bank	Banking and Financial Services	Nxasana	Nxasana	R7,037,000	R7,522,000	7%	R19,399,000	R19,864,000	2%
Investec	Banking and Financial Services	Koseff	Koseff	R4,800,547	R6,202,100	29%	R10,000,000	R40,333,333	303%
Liberty Holdings	Banking and Financial Services	Hemphill	**Hemphill & Dloti**	R4,657,000	**R5,479,000**	18%	R13,462,000	**R12,829,000**	-5%
Nedbank	Banking and Financial Services	Brown	Brown	R5,614,000	R6,056,000	8%	R13,532,000	R15,050,000	11%
RMB Holdings	Banking and Financial Services	Cooper	Cooper	R7,175,000	R7,522,000	5%	R8,500,000	R10,117,000	19%
Sanlam	Banking and Financial Services	van Zyl	van Zyl	R4,452,000	R4,452,000	0%	R5,300,000	R4,452,000	-16%
Standard Bank Group	Banking and Financial Services	Kruger & Tshabalala	**Kruger & Tshabalala**	R12,943,000	**R14,730,000**	14%	R35,288,000	**R30,275,000**	-14%
Aveng	Construction	Jardine	**Jardine & Verseter**	R4,337,000	**R4,256,000**	-2%	R6,045,000	**R8,411,000**	39%
Basil Read	Construction	Heyns	**Heyns, Niclau & Hughes**	R3,099,397	**R3,414,311**	10%	R14,491,358	**R16,185,933**	12%
Group Five	Construction	Upton	Upton	R4,140,000	R4,747,000	15%	R6,235,000	R10,698,000	72%
Murray & Roberts	Construction	Laas	Laas	R4,300,000	R5,100,000	19%	R9,064,000	R12,135,000	34%
Pretoria Portland Cement	Construction	Stuiver & Gordhan	Gordhan	R5,827,000	R4,439,000	-24%	R12,700,000	R19,770,000	56%
WBHO	Construction	Nel	Nel	R1,831,000	R2,139,000	17%	R8,631,000	R7,195,000	-17%
Barloworld Limited	Diversified Holdings	Thomson	Thomson	R6,973,000	R7,592,000	9%	R18,116,000	R15,627,000	-14%
Bidvest	Diversified Holdings	Joffe	Joffe	R11,936,000	R13,762,000	15%	R27,378,000	R27,953,000	2%
Hosken Consolidated Investments	Diversified Holdings	Copelyn	Copelyn	R5,154,000	R5,449,000	6%	R10,103,000	R11,055,000	9%
Remgro	Diversified Holdings	Durand	Durand	R7,293,000	R7,617,000	4%	R9,005,000	R9,456,000	5%
Seardel Investments	Diversified Holdings	Queen	Queen	R3,149,000	R3,345,000	6%	R4,335,000	R3,345,000	-23%
Steinhoff International	Diversified Holdings	Jooste	Jooste	R19,236,000	R25,350,000	32%	R27,561,000	R37,481,000	36%
Adcorp Holdings limited	Education,Bus Training & Employment	Pike	Pike	R2,578,000	R3,032,000	18%	R7,328,000	R8,432,000	15%
Anglo-Vaal Industries	Food and Beverage	Crutchley	Crutchley	R5,056,000	R5,462,000	8%	R10,130,000	R8,095,000	-20%
Astral Foods	Food and Beverage	Schutte	Schutte	R3,647,000	R3,865,000	6%	R4,286,000	R6,185,000	44%
Clover Industries	Food and Beverage	Vorster	Vorster	R3,778,000	R3,945,000	4%	R8,713,000	R7,138,000	-18%
Crookes Brothers	Food and Beverage	Clarke	Clarke	R1,880,000	R2,130,000	13%	R3,342,000	R3,627,000	9%
Distell	Food and Beverage	Scannell	**Scannell & Rushton**	R3,643,000	**R4,931,000**	35%	R6,338,000	**R7,422,000**	17%
Illovo	Food and Beverage	Clark	**Clark & Dalgleish**	R4,663,000	**R6,109,000**	31%	R10,513,000	**R9,075,000**	-14%
Pioneer Foods	Food and Beverage	Hanekom & Roux	Roux	R4,221,000	R4,446,000	5%	R18,982,000	R14,490,000	-24%
SABMiller	Food and Beverage	Mackay	Clark	R17,266,667	R18,083,333	5%	R42,751,213	R46,333,333	8%
Tiger Brands	Food and Beverage	Matlare	Matlare	R4,251,000	R4,564,000	7%	R6,309,000	R5,681,000	-10%
Tongaat Hulett	Food and Beverage	Staude	Staude	R7,019,000	R7,651,000	9%	R12,648,000	R14,702,000	16%
Adcock Ingram	Health	Louw	**Louw & Wakeford**	R3,587,000	**R2,681,000**	-25%	R6,367,750	**R8,679,190**	36%
Aspen Holdings	Health	Saad	Saad	R5,609,000	R5,814,000	4%	R12,390,000	R13,021,000	5%
Life Healthcare Group	Health	Fleming	**Fleming & Meyer**	R2,815,000	**R3,622,000**	29%	R9,077,000	**R14,331,000**	58%

Company	Sector	2013 CEO	2014 CEO	2013 Salary	2014 Salary	Change in salary	2013 Annual Remuneration	2014 Annual Remuneration	Change in Remuneration
Mediclinic	Health	Meintjes	Meintjes	R4,980,000	R5,172,000	4%	R7,573,000	R9,504,000	25%
Network Healthcare Holdings	Health	Friedland	Friedland	R7,230,000	R7,623,000	5%	R12,399,000	R13,123,000	6%
City Lodge Hotels	Hospitality	Ross	Ross	R3,233,000	R3,554,000	10%	R6,249,000	R6,877,000	10%
Sun International	Hospitality	Collins & Stephen	Stephens	R7,285,390	R5,287,325	-27%	R18,336,910	R13,007,951	-29%
Tsogo Sun Holdings	Hospitality	von Aulock	von Aulock	R4,509,000	R4,798,000	6%	R11,026,000	R14,192,000	29%
AECI	Industrial	Edwards & Dytor	Dytor	R3,816,000	R3,380,000	-11%	R9,838,000	R5,741,000	-42%
African Oxygen	Industrial	Kimber	Kimber	R3,018,000	R4,323,000	43%	R7,750,000	R7,061,000	-9%
Altron	Industrial	Venter	Venter	R7,637,000	R6,695,000	-12%	R8,840,000	R15,237,000	72%
ArcelorMittal SA	Industrial	Nyembezi-Heita	**Nyembezi-Heita & O'Flaherty**	R4,434,321	**R2,262,838**	-49%	R4,829,015	**R8,107,172**	68%
Denel	Industrial	Saloojee	Saloojee	R3,365,000	R3,526,000	5%	R5,676,000	R5,959,000	5%
Eskom Holdings Limited	Industrial	Dames	Dames	R8,464,000	R7,931,000	-6%	R8,464,000	R13,439,000	59%
Invicta Holdings	Industrial	Goldstone	Goldstone	R2,170,000	R2,168,000	0%	R4,656,000	R5,355,000	15%
Reunert	Industrial	Rawlinson	Rawlinson	R4,669,000	R4,997,000	7%	R5,906,000	R6,383,000	8%
Sasol	Industrial	Constable	Constable	R12,110,000	R15,303,000	26%	R53,668,000	R51,962,000	-3%
Caxton CTP	Media	Moolman	Moolman	R3,150,000	R3,308,000	5%	R3,150,000	R3,308,000	5%
African Rainbow Minerals	Mining	Motsepe	Motsepe	R7,805,000	R8,193,000	5%	R12,006,000	R10,769,000	-10%
Anglo American Platinum	Mining	Griffith	Griffith	R6,747,404	R7,397,390	10%	R12,954,846	R13,211,202	2%
Anglo American plc	Mining	Carroll & Cutifani	Cutifani	R23,160,714	R20,600,000	-11%	R76,089,286	R62,083,333	-18%
AngloGold Ashanti	Mining	Cutifani & O'Neill & Ven-katakrishnan	Venkatakrishnan	R27,030,000	R12,000,000	-56%	R39,746,000	R16,119,000	-59%
Assore limited	Mining	Cory	Cory	R4,460,000	R4,679,000	5%	R20,363,000	R21,570,000	6%
BHP Billiton	Mining	Kloppers & MacKenzie	Mackenzie	R19,527,273	R17,000,000	-13%	R48,309,091	R37,850,000	-22%
Exxaro	Mining	Nkosi	Nkosi	R6,859,647	R7,323,305	7%	R10,053,855	R11,337,598	13%
Glencore	Mining	Glasenberg	Glasenberg	R13,214,286	R16,077,778	22%	R13,771,429	R16,811,111	22%
Gold Fields	Mining	Holland	Holland	R9,745,000	R10,668,400	9%	R11,909,000	R23,848,700	100%
Harmony Gold	Mining	Briggs	Briggs	R7,438,000	R8,408,000	13%	R9,240,000	R10,501,000	14%
Impala Platinum	Mining	Goodlace	Goodlace	R6,420,000	R6,420,000	0%	R7,549,000	R7,484,000	-1%
Kumba Iron Ore Limited	Mining	Mbazima	Mbazima	R7,366,000	R8,082,000	10%	R11,913,000	R12,555,000	5%
Lonmin plc	Mining	Scott & Magara	Magara	R7,670,116	R7,702,500	0%	R29,431,971	R11,523,100	-61%
Petra Diamonds	Mining	Dippenaar	Dippenaar	R4,531,250	R5,050,833	11%	R8,765,859	R12,129,867	38%
Sibanye Gold	Mining	Froneman	Froneman	R6,300,000	R6,746,000	7%	R14,625,000	R12,730,000	-13%
Trans Hex	Mining	Delport	Delport	R2,482,000	R2,782,000	12%	R5,310,000	R5,817,000	10%
Mondi Group	Paper and Packaging	Hathorn	Hathorn	R12,743,808	R15,405,043	21%	R31,136,923	R45,597,643	46%
Nampak	Paper and Packaging	Marshall	**Marshall & de Ruyter**	R5,364,533	**R7,258,930**	35%	R7,871,950	**R14,897,836**	89%
Sappi	Paper and Packaging	Boettger	**Boettger & Binnie**	R6,509,400	**R9,486,674**	46%	R8,471,091	**R71,140,158**	740%
Cashbuild	Retail	de Jager	de Jager	R2,371,000	R2,537,000	7%	R2,805,000	R4,101,000	46%
Foschini	Retail	Murray	Murray	R5,064,000	R5,203,300	3%	R18,456,300	R10,951,200	-41%
Massmart	Retail	Pattison	Pattison	R5,215,000	R5,215,000	0%	R9,069,000	R7,637,000	-16%
Mr Price	Retail	Bird	Bird	R3,784,000	R4,692,000	24%	R11,522,000	R15,406,000	34%
Pick n Pay Stores Ltd	Retail	Ackerman & Brasher	Brasher	R3,939,200	R7,000,000	78%	R4,820,800	R16,667,900	246%
Shoprite	Retail	Basson	Basson	R49,656,000	R49,656,000	0%	R50,001,000	R49,972,000	0%

Company	Sector	2013 CEO	2014 CEO	2013 Salary	2014 Salary	Change in salary	2013 Annual Remuneration	2014 Annual Remuneration	Change in Remuneration
Spar	Retail	Hook	O'Connor	R3,102,000	R2,233,000	-28%	R6,308,000	R6,174,000	-2%
Truworths	Retail	Mark	Mark	R5,686,000	R6,270,000	10%	R15,101,000	R11,572,000	-23%
Woolworths	Retail	Moir	Moir	R7,401,000	R8,959,000	21%	R17,763,000	R18,631,000	5%
MTN Group	Technology and Telecommunications	Dabengwa	Dabengwa	R8,913,000	R9,334,000	5%	R28,840,000	R24,646,000	-15%
Telkom	Technology and Telecommunications	Moholi	Maseko	R6,402,150	R6,500,000	2%	R11,636,703	R11,711,972	1%
Vodacom Group Limited	Technology and Telecommunications	Aziz Joosub	Aziz Joosub	R3,831,026	**R5,935,617**	55%	R9,276,793	R12,980,500	40%
ACSA	Transport	Maseko	Maseko	R2,579,000	R2,947,000	14%	R4,136,000	R6,333,000	53%
Cargo Carriers	Transport	Bolton & Bolton	Bolton	R2,701,000	R1,559,000	-42%	R3,572,000	R2,024,000	-43%
Grindrod	Transport	Olivier	Olivier	R5,497,000	R5,848,000	6%	R13,401,000	R11,052,000	-18%
Imperial Holdings	Transport	Brody	**Brody & Lamberti**	R5,802,000	**R5,357,000**	-8%	R12,045,000	**R14,947,000**	24%
South African Airways	Transport	Mzimela	**Bezuidenhout & Kalawe**	R2,248,000	**R3,900,000**	73%	R4,961,000	**R3,900,000**	-21%
Super Group	Transport	Mountford	Mountford	R3,200,854	R3,403,521	6%	R9,555,000	R10,230,801	7%
Transnet	Transport	Molefe	Molefe	R5,494,000	R5,769,000	5%	R7,222,000	R9,373,000	30%
Total				R602,234,834	R637,144,118		R1,231,904,363	R1,351,655,122	
Average				R6,843,578	R7,240,274	6%	R13,998,913	R15,359,717	10%
Median				R5,109,000	R5,470,500	7%	R9,919,000	R11,641,986	17%
Monthly				R570,298	R603,356		R1,166,576	R1,279,976	
Weekly				R131,709	R139,343	R7,635	R269,417	R295,607	R26,189

Appendix 2a: CEO salary and remuneration changes 2013 - 2014 - sector averages

	Average of 2013 Salary	Average of 2014 Salary	Change in Average Salary	Average of 2014 Annual Remuneration	Change in Average Remuneration
Banking and Financial Services	R 6,290,489	R 7,741,224	23%	R17,732,180	22%
Construction	R 3,922,400	R 4,015,885	2%	R12,399,156	30%
Diversified Holdings	R 8,956,833	R 10,519,167	17%	R17,486,167	9%
Education,Bus Training & Employment	R 2,578,000	R 3,032,000	18%	R8,432,000	15%
Food and Beverage	R 5,542,467	R 6,118,633	10%	R12,274,833	-1%
Health	R 4,844,200	R 4,982,400	3%	R11,731,638	23%
Hospitality	R 5,009,130	R 4,546,442	-9%	R11,358,984	-4%
Industrial	R 5,520,369	R 5,620,649	2%	R13,249,352	9%
Media	R 3,150,000	R 3,308,000	5%	R3,308,000	5%
Mining	R 10,047,293	R 9,320,638	-7%	R17,896,244	-14%
Paper and Packaging	R 8,205,914	R 10,716,882	31%	R43,878,546	177%
Retail	R 9,579,800	R 10,196,144	6%	R15,679,122	4%
Technology and Telecommunications	R 6,382,059	R 7,256,539	14%	R16,446,157	-1%
Transport	R 3,931,693	R 4,111,932	5%	R8,265,686	5%

Appendix 3: Executive Director average salary and remuneration 2013 - 2014

Company Name	Sector	No. 2013	No. 2014	Total Salary 2013	Total Salary 2014	Average Salary 2013	Average Salary 2014	Average Salary % change	Total Remuneration 2013	Total Remuneration 2014	Average Remuneration 2013	Average Remuneration 2014	Average Rem % change
Barclays Africa Group	Banking and Financial Services	2	2	R9,709,715	R22,882,520	R4,854,858	R11,441,260	136%	R26,309,341	R31,231,651	R13,154,671	R15,615,826	19%
Discovery	Banking and Financial Services	9	9	R38,882,000	R46,012,000	R4,320,222	R5,112,444	18%	R87,535,000	R84,051,000	R9,726,111	R9,339,000	-4%
FirstRand Bank	Banking and Financial Services	2	3	R13,140,000	R18,159,000	R6,570,000	R6,053,000	-8%	R37,013,000	R51,678,000	R18,506,500	R17,226,000	-7%
Investec	Banking and Financial Services	4	4	R19,705,453	R24,435,733	R4,926,363	R6,108,933	24%	R140,931,933	R195,867,333	R35,232,983	R48,966,833	39%
Liberty Holdings	Banking and Financial Services	4	4	R14,270,000	R12,791,000	R3,567,500	R3,197,750	-10%	R44,025,000	R31,526,000	R11,006,250	R7,881,500	-28%
Nedbank	Banking and Financial Services	3	3	R12,088,000	R13,095,000	R4,029,333	R4,365,000	8%	R30,341,000	R33,851,000	R10,113,667	R11,283,667	12%
RMB Holdings	Banking and Financial Services	1	1	R7,175,000	R7,522,000	R7,175,000	R7,522,000	5%	R8,500,000	R10,117,000	R8,500,000	R10,117,000	19%
Sanlam	Banking and Financial Services	4	4	R12,940,000	R13,533,000	R3,235,000	R3,383,250	5%	R23,027,000	R28,551,000	R5,756,750	R7,137,750	24%
Standard Bank Group	Banking and Financial Services	5	3	R23,520,000	R20,058,000	R4,704,000	R6,686,000	42%	R55,411,000	R41,734,000	R11,082,200	R13,911,333	26%
Aveng	Construction	6	4	R24,026,182	R19,008,000	R4,004,364	R4,752,000	19%	R36,085,091	R28,988,000	R6,014,182	R7,247,000	20%
Basil Read	Construction	4	5	R6,050,848	R4,445,462	R1,512,712	R889,092	-41%	R19,935,291	R17,377,331	R4,983,823	R3,475,466	-30%
Group Five	Construction	2	2	R6,477,000	R7,496,000	R3,238,500	R3,748,000	16%	R9,792,000	R16,178,000	R4,896,000	R8,089,000	65%
Murray & Roberts	Construction	3	2	R11,611,000	R9,165,000	R3,870,333	R4,582,500	18%	R21,884,000	R20,855,000	R7,294,667	R10,427,500	43%
Pretoria Portland Cement	Construction	6	3	R14,646,000	R7,565,000	R2,441,000	R2,521,667	3%	R33,002,000	R28,406,000	R5,500,333	R9,468,667	72%
WBHO	Construction	4	4	R7,093,000	R6,970,000	R1,773,250	R1,742,500	-2%	R31,893,000	R21,627,000	R7,973,250	R5,406,750	-32%
Barloworld Limited	Diversified Holdings	6	7	R27,371,000	R33,307,000	R4,561,833	R4,758,143	4%	R65,803,000	R64,542,000	R10,967,167	R9,220,286	-16%
Bidvest	Diversified Holdings	8	6	R36,811,000	R38,750,000	R4,601,375	R6,458,333	40%	R78,010,000	R80,773,000	R9,751,250	R13,462,167	38%
Hosken Consolidated Investments	Diversified Holdings	3	4	R12,131,000	R13,461,400	R4,043,667	R3,365,350	-17%	R23,629,000	R26,881,400	R7,876,333	R6,720,350	-15%
Remgro	Diversified Holdings	5	4	R19,261,000	R17,930,000	R3,852,200	R4,482,500	16%	R24,252,000	R22,314,000	R4,850,400	R5,578,500	15%
Seardel Investments	Diversified Holdings	3	4	R5,390,000	R8,136,000	R1,796,667	R2,034,000	13%	R7,607,000	R8,888,000	R2,535,667	R2,222,000	-12%
Steinhoff International	Diversified Holdings	7	7	R54,254,000	R74,395,070	R6,557,300	R8,582,627	31%	R99,799,000	R129,566,270	R9,979,900	R12,956,627	30%
Adcorp Holdings limited	Education, Bus Training & Employment	4	5	R8,337,000	R9,710,000	R2,084,250	R1,942,000	-7%	R19,503,000	R23,287,000	R4,875,750	R4,657,400	-4%
Anglo-Vaal Industries	Food and Beverage	2	3	R7,861,000	R11,285,000	R3,930,500	R3,761,667	-4%	R15,353,000	R16,219,000	R7,676,500	R5,406,333	-30%
Astral Foods	Food and Beverage	5	5	R11,315,000	R12,282,000	R2,263,000	R2,456,400	9%	R13,385,000	R19,649,000	R2,677,000	R3,929,800	47%

Company Name	Sector	No. 2013	No. 2014	Total Salary 2013	Total Salary 2014	Average Salary 2013	Average Salary 2014	Average Salary % change	Total Remuneration 2013	Total Remuneration 2014	Average Remuneration 2013	Average Remuneration 2014	Average Rem % change
Clover Industries	Food and Beverage	4	3	R11,468,000	R8,964,000	R2,867,000	R2,988,000	4%	R25,610,000	R16,183,000	R6,402,500	R5,394,333	-16%
Crookes Brothers	Food and Beverage	2	2	R2,971,000	R3,359,000	R1,485,500	R1,679,500	13%	R5,385,000	R6,127,000	R2,692,500	R3,063,500	14%
Distell	Food and Beverage	2	3	R5,440,000	R6,947,000	R2,720,000	R2,315,667	-15%	R9,355,000	R10,597,000	R4,677,500	R3,532,333	-24%
Illovo	Food and Beverage	4	5	R11,376,000	R12,762,000	R2,844,000	R2,552,400	-10%	R25,987,000	R20,143,000	R6,496,750	R4,028,600	-38%
Pioneer Foods	Food and Beverage	4	2	R8,556,000	R7,287,000	R2,139,000	R3,643,500	70%	R25,232,000	R21,135,000	R6,308,000	R10,567,500	68%
SABMiller	Food and Beverage	3	2	R34,593,933	R30,416,667	R11,531,311	R15,208,333	32%	R81,325,840	R72,433,333	R27,108,613	R36,216,667	34%
Tiger Brands	Food and Beverage	3	3	R10,626,000	R11,598,000	R3,542,000	R3,866,000	9%	R13,967,000	R20,128,000	R4,655,667	R6,709,333	44%
Tongaat Hulett	Food and Beverage	3	3	R14,427,000	R13,298,000	R4,809,000	R4,432,667	-8%	R25,073,000	R27,190,000	R8,357,667	R9,063,333	8%
Adcock Ingram	Health	2	3	R6,483,000	R4,917,000	R3,241,500	R1,639,000	-49%	R11,508,400	R13,113,840	R5,754,200	R4,371,280	-24%
AfroCentric Investments Corporation	Health	5	2	R25,385,000	R6,620,000	R5,077,000	R3,310,000	-35%	R42,817,000	R7,764,000	R8,563,400	R3,882,000	-55%
Aspen Holdings	Health	1	2	R5,609,000	R10,610,000	R5,609,000	R5,305,000	-5%	R12,390,000	R23,785,000	R12,390,000	R11,892,500	-4%
Life Healthcare Group	Health	3	3	R4,265,000	R4,953,000	R1,421,667	R1,651,000	16%	R14,027,000	R17,429,000	R4,675,667	R5,809,667	24%
Mediclinic	Health	6	5	R22,909,000	R23,136,000	R3,818,167	R4,627,200	21%	R34,115,000	R39,663,000	R5,685,833	R7,932,600	40%
Network Healthcare Holdings	Health	2	2	R10,832,000	R11,567,000	R5,416,000	R5,783,500	7%	R17,734,000	R19,067,000	R8,867,000	R9,533,500	8%
City Lodge Hotels	Hospitality	2	2	R5,860,000	R6,367,000	R2,930,000	R3,183,500	9%	R11,517,000	R12,306,000	R5,758,500	R6,153,000	7%
Sun International	Hospitality	5	4	R14,608,872	R11,177,538	R2,921,774	R2,794,385	-4%	R43,248,979	R25,351,548	R8,649,796	R6,337,887	-27%
Tsogo Sun Holdings	Hospitality	2	2	R6,759,000	R7,298,000	R3,379,500	R3,649,000	8%	R15,739,000	R19,770,000	R7,869,500	R9,885,000	26%
AECI	Industrial	3	2	R6,710,000	R6,563,000	R2,236,667	R3,281,500	47%	R16,598,000	R11,574,000	R5,532,667	R5,787,000	5%
African Oxygen	Industrial	4	2	R11,680,000	R6,881,000	R2,920,000	R3,440,500	18%	R13,561,000	R10,925,000	R3,390,250	R5,462,500	61%
Altron	Industrial	5	4	R21,954,000	R18,768,000	R4,390,800	R4,692,000	7%	R24,836,000	R42,103,000	R4,967,200	R10,525,750	112%
ArcelorMittal SA	Industrial	2	3	R6,936,261	R5,481,510	R3,468,131	R1,827,170	-47%	R7,643,460	R13,299,391	R3,821,730	R4,433,130	16%
Denel	Industrial	2	2	R6,190,000	R6,493,000	R3,095,000	R3,246,500	5%	R10,409,000	R10,933,000	R5,204,500	R5,466,500	5%
Eskom Holdings Limited	Industrial	2	3	R8,930,000	R11,641,000	R4,465,000	R3,880,333	-13%	R12,029,000	R20,479,000	R6,014,500	R6,826,333	13%
Invicta Holdings	Industrial	4	4	R9,532,000	R9,526,000	R2,383,000	R2,381,500	0%	R18,558,000	R21,461,000	R4,639,500	R5,365,250	16%
Reunert	Industrial	3	4	R8,702,000	R13,133,000	R2,900,667	R3,283,250	13%	R11,711,000	R19,930,000	R3,903,667	R4,982,500	28%
Sasol	Industrial	3	4	R21,029,000	R23,369,000	R7,009,667	R5,842,250	-17%	R81,856,000	R87,787,000	R27,285,333	R21,946,750	-20%
Caxton CTP	Media	4	4	R9,897,000	R10,190,000	R2,474,250	R2,547,500	3%	R17,921,000	R18,699,000	R4,480,250	R4,674,750	4%
Naspers	Media	2	2	R3,801,000	R4,199,000	R1,900,500	R2,099,500	10%	R7,392,000	R7,518,000	R3,696,000	R3,759,000	2%
African Rainbow Minerals	Mining	3	5	R6,803,000	R26,879,000	R2,267,667	R5,375,800	137%	R19,890,000	R40,308,000	R6,630,000	R8,061,600	22%

Company Name	Sector	No. 2013	No. 2014	Total Salary 2013	Total Salary 2014	Average Salary 2013	Average Salary 2014	Average Salary % change	Total Remuneration 2013	Total Remuneration 2014	Average Remuneration 2013	Average Remuneration 2014	Average Rem % change
Anglo American Platinum	Mining	2	2	R11,049,884	R11,958,025	R5,524,942	R5,979,013	8%	R20,462,158	R21,035,650	R10,231,079	R10,517,825	3%
Anglo American plc	Mining	3	2	R36,821,429	R33,733,333	R12,273,810	R16,866,667	37%	R112,285,714	R110,000,000	R37,428,571	R55,000,000	47%
AngloGold Ashanti	Mining	4	3	R33,619,000	R20,783,000	R8,404,750	R6,927,667	-18%	R50,335,000	R33,171,000	R12,583,750	R11,057,000	-12%
Assore limited	Mining	5	4	R13,914,000	R14,003,000	R2,782,800	R3,500,750	26%	R91,990,000	R52,936,000	R18,398,000	R13,234,000	-28%
BHP Billiton	Mining	2	1	R19,527,273	R17,000,000	R9,763,636	R17,000,000	74%	R48,309,091	R37,850,000	R24,154,545	R37,850,000	57%
Exxaro	Mining	2	2	R11,033,526	R11,897,971	R5,516,763	R5,948,986	8%	R19,229,126	R18,491,106	R9,614,563	R9,245,553	-4%
Glencore Xstrata	Mining	3	1	R24,900,000	R16,077,778	R8,300,000	R16,077,778	94%	R25,757,143	R16,811,111	R8,585,714	R16,811,111	96%
Gold Fields	Mining	2	2	R15,096,000	R16,454,100	R7,548,000	R8,227,050	9%	R23,973,000	R36,741,600	R11,986,500	R18,370,800	53%
Harmony Gold	Mining	3	3	R15,416,000	R17,085,000	R5,138,667	R5,695,000	11%	R19,458,000	R21,671,000	R6,486,000	R7,223,667	11%
Impala Platinum	Mining	3	3	R14,053,000	R12,187,000	R4,684,333	R4,062,333	-13%	R16,170,000	R25,974,000	R5,390,000	R8,658,000	61%
Kumba Iron Ore Limited	Mining	2	2	R10,777,000	R11,967,000	R5,388,500	R5,983,500	11%	R17,300,000	R18,346,000	R8,650,000	R9,173,000	6%
Lonmin plc	Mining	3	2	R9,767,942	R13,280,000	R3,255,981	R6,640,000	104%	R32,725,739	R18,484,450	R10,908,580	R9,242,225	-15%
Petra Diamonds	Mining	3	3	R12,968,750	R14,455,833	R4,322,917	R4,818,611	11%	R26,228,984	R34,683,817	R8,742,995	R11,561,272	32%
Sibanye Gold	Mining	2	2	R9,400,000	R10,043,000	R4,700,000	R5,021,500	7%	R21,416,000	R18,864,000	R10,708,000	R9,432,000	-12%
Trans Hex	Mining	3	3	R5,077,000	R5,821,000	R1,692,333	R1,940,333	15%	R10,864,000	R12,194,000	R3,621,333	R4,064,667	12%
Mondi Group	Paper and Packaging	3	3	R31,455,090	R37,293,929	R10,485,030	R12,431,310	19%	R98,613,487	R102,317,657	R32,871,162	R34,105,886	4%
Nampak	Paper and Packaging	3	4	R10,763,302	R13,121,024	R3,587,767	R3,280,256	-9%	R15,309,744	R27,203,444	R5,103,248	R6,800,861	33%
Sappi	Paper and Packaging	2	3	R9,580,018	R12,992,495	R4,790,009	R4,330,832	-10%	R12,570,118	R78,065,768	R6,285,059	R26,021,923	314%
Cashbuild	Retail	4	4	R7,246,000	R7,738,000	R1,811,500	R1,934,500	7%	R8,723,000	R12,066,000	R2,180,750	R3,016,500	38%
Foschini	Retail	3	3	R10,549,000	R10,839,100	R3,516,333	R3,613,033	3%	R34,117,400	R21,824,600	R11,372,467	R7,274,867	-36%
Massmart	Retail	3	3	R11,222,000	R12,261,000	R3,740,667	R4,087,000	9%	R18,569,000	R25,539,000	R6,189,667	R8,513,000	38%
Mr Price	Retail	3	3	R8,998,000	R10,387,000	R2,999,333	R3,462,333	15%	R25,258,000	R31,519,000	R8,419,333	R10,506,333	25%
Pick n Pay Stores Ltd	Retail	6	5	R14,803,500	R16,673,600	R2,467,250	R3,334,720	35%	R17,099,100	R37,693,400	R2,849,850	R7,538,680	165%
Shoprite	Retail	6	7	R62,944,000	R66,080,000	R10,490,667	R9,440,000	-10%	R93,735,000	R83,141,000	R15,622,500	R11,877,286	-24%
Spar	Retail	3	4	R7,019,000	R9,687,000	R2,339,667	R2,421,750	4%	R14,772,000	R24,958,000	R4,924,000	R6,239,500	27%
Truworths	Retail	2	2	R7,501,000	R8,867,000	R3,750,500	R4,433,500	18%	R20,122,000	R14,438,000	R10,061,000	R7,219,000	-28%
Woolworths	Retail	3	5	R13,738,000	R19,340,000	R4,579,333	R3,868,000	-16%	R36,194,000	R42,487,000	R12,064,667	R8,497,400	-30%
MTN Group	Technology and Telecommunications	3	2	R14,330,000	R14,901,000	R4,776,667	R7,450,500	56%	R41,498,000	R37,990,000	R13,832,667	R18,995,000	37%
Telkom	Technology and Telecommunications	2	2	R11,378,400	R12,500,000	R5,689,200	R6,250,000	10%	R20,044,052	R17,723,944	R10,022,026	R8,861,972	-12%
Vodacom Group Limited	Technology and Telecommunications	4	2	R11,486,367	R10,249,393	R2,871,592	R5,124,697	78%	R42,021,163	R20,522,698	R10,505,291	R10,261,349	-2%

Company Name	Sector	No. 2013	No. 2014	Total Salary 2013	Total Salary 2014	Average Salary 2013	Average Salary 2014	Average Salary % change	Total Remuneration 2013	Total Remuneration 2014	Average Remuneration 2013	Average Remuneration 2014	Average Rem % change
ACSA	Transport	2	2	R4,296,000	R5,096,000	R2,148,000	R2,548,000	19%	R6,572,000	R8,715,000	R3,286,000	R4,357,500	33%
Cargo Carriers	Transport	3	3	R3,595,000	R3,421,000	R1,198,333	R1,140,333	-5%	R5,066,000	R4,570,000	R1,688,667	R1,523,333	-10%
Grindrod	Transport	6	5	R22,770,000	R20,786,000	R3,795,000	R4,157,200	10%	R48,902,000	R41,668,000	R8,150,333	R8,333,600	2%
Imperial Holdings	Transport	7	9	R29,184,000	R33,956,000	R4,169,143	R3,772,889	-10%	R76,431,000	R84,286,000	R10,918,714	R9,365,111	-14%
South African Airways	Transport	3	3	R5,579,000	R7,364,000	R1,859,667	R2,454,667	32%	R8,292,000	R7,364,000	R2,764,000	R2,454,667	-11%
Super Group	Transport	2	2	R5,501,089	R5,804,314	R2,750,545	R2,902,157	6%	R15,647,250	R16,551,600	R7,823,625	R8,275,800	6%
Transnet	Transport	2	2	R8,725,000	R9,566,000	R4,362,500	R4,783,000	10%	R11,553,000	R15,684,000	R5,776,500	R7,842,000	36%
90 Companies		309	298	R1,284,482,834	R1,352,464,795	Increase in total	R67,981,961		R2,818,074,605	R2,944,941,943	Increase in total	R126,867,338	
Average Annual		3	3	R4,156,902	R4,538,472	Increase of average annual	R381,570	9%	R9,119,983	R9,882,356	Increase of average annual	R762,373	8%
Average Monthly				R346,409	R378,206	Increase of average monthyl	R31,798		R759,999	R823,530	Increase of average monthyl	R63,531	
Average Weekly				R80,002	R87,346	Increase of average weekly	R7,344		R175,519	R190,192	Increase of average weekly	R14,672	

Appendix 3a: Executive Director average salary and remuneration 2013 - 2014 - sector averages

	No. 2013	No. 2014	Total Salary 2013	Total Salary 2014	Total Remuneration 2013	Total Remuneration 2014	Ave. Salary 2013	Ave. Salary 2014	Change in Ave. Salary	Ave. Rem 2013	Ave. Rem 2014	Change in Ave. Rem
Banking and Financial Services	34	33	R 151,430,168	R 178,488,253	R 453,093,274	R 508,606,984	R 4,453,828	R 5,408,735	21%	R 13,326,273	R 15,412,333	16%
Construction	25	20	R 69,904,030	R 54,649,462	R 152,591,382	R 133,431,331	R 2,796,161	R 2,732,473	-2%	R 6,103,655	R 6,671,567	9%
Diversified Holdings	32	32	R 155,218,000	R 185,979,470	R 299,100,000	R 332,964,670	R 4,850,563	R 5,811,858	20%	R 9,346,875	R 10,405,146	11%
Education, Bus Training & Employment	4	5	R 8,337,000	R 9,710,000	R 19,503,000	R 23,287,000	R 2,084,250	R 1,942,000	-7%	R 4,875,750	R 4,657,400	-4%
Food and Beverage	32	31	R 118,633,933	R 118,198,667	R 240,672,840	R 229,804,333	R 3,707,310	R 3,812,860	3%	R 7,521,026	R 7,413,043	-1%
Health	19	17	R 75,483,000	R 61,803,000	R 132,591,400	R 120,821,840	R 3,972,789	R 3,635,471	-8%	R 6,978,495	R 7,107,167	2%
Hospitality	9	8	R 27,227,872	R 24,842,538	R 70,504,979	R 57,427,548	R 3,025,319	R 3,105,317	3%	R 7,833,887	R 7,178,444	-8%
Industrial	28	28	R 101,663,261	R 101,855,510	R 197,201,460	R 238,491,391	R 3,630,831	R 3,637,697	0%	R 7,042,909	R 8,517,550	21%
Media	6	6	R 13,698,000	R 14,389,000	R 25,313,000	R 26,217,000	R 2,283,000	R 2,398,167	5%	R 4,218,833	R 4,369,500	4%
Mining	45	40	R 250,223,803	R 253,625,040	R 556,393,956	R 517,561,734	R 5,560,529	R 6,340,626	14%	R 12,364,310	R 12,939,043	5%
Paper and Packaging	8	10	R 51,798,410	R 63,407,447	R 126,493,349	R 207,586,870	R 6,474,801	R 6,340,745	-2%	R 15,811,669	R 20,758,687	31%
Retail	33	36	R 144,020,500	R 161,872,700	R 268,589,500	R 293,666,000	R 4,364,258	R 4,496,464	3%	R 8,139,076	R 8,157,389	0%
Technology and Telecommunications	9	6	R 37,194,767	R 37,650,393	R 103,563,215	R 76,236,642	R 4,132,752	R 6,275,066	52%	R 11,507,024	R 12,706,107	10%
Transport	25	26	R 79,650,089	R 85,993,314	R 172,463,250	R 178,838,600	R 3,186,004	R 3,307,435	4%	R 6,898,530	R 6,878,408	0%

Appendix 4: Non-executive Director average fees 2013 - 2014

Company Name	Sector	No. 2013	No. 2014	Total Fee 2013	Total Fee 2014	Average Fee 2013	Average Fee 2014	Average Fee % change
Barclays Africa Group	Banking and Financial Services	17	12	R15,531,176	R14,992,132	R913,599	R1,249,344	37%
Discovery	Banking and Financial Services	11	12	R9,929,000	R11,076,000	R902,636	R923,000	2%
FirstRand Bank	Banking and Financial Services	18	17	R23,217,000	R25,089,000	R1,289,833	R1,475,824	14%
Investec	Banking and Financial Services	13	13	R25,100,773	R32,916,417	R1,930,829	R2,532,032	31%
Liberty Holdings	Banking and Financial Services	10	11	R11,318,300	R11,851,000	R1,131,830	R1,077,364	-5%
Nedbank	Banking and Financial Services	12	14	R11,428,000	R13,715,000	R952,333	R979,643	3%
RMB Holdings	Banking and Financial Services	11	10	R1,418,000	R1,621,000	R128,909	R162,100	26%
Sanlam	Banking and Financial Services	14	14	R18,242,147	R13,814,000	R1,303,010	R986,714	-24%
Standard Bank Group	Banking and Financial Services	15	21	R21,088,499	R27,339,000	R1,405,900	R1,301,857	-7%
Aveng	Construction	9	11	R6,558,000	R6,737,000	R728,667	R612,455	-16%
Basil Read	Construction	8	9	R4,434,500	R4,664,500	R554,313	R518,278	-7%
Group Five	Construction	8	11	R4,827,000	R4,690,000	R603,375	R426,364	-29%
Murray & Roberts	Construction	11	7	R4,499,000	R4,379,000	R409,000	R625,571	53%
Pretoria Portland Cement	Construction	9	10	R5,451,000	R6,417,000	R605,667	R641,700	6%
WBHO	Construction	5	6	R1,380,000	R1,944,000	R276,000	R324,000	17%
Barloworld Limited	Diversified Holdings	9	11	R7,572,000	R8,691,000	R841,333	R790,091	-6%
Bidvest	Diversified Holdings	17	12	R6,809,000	R7,423,000	R400,529	R618,583	54%
Hosken Consolidated Investments	Diversified Holdings	7	7	R1,901,024	R2,137,000	R271,575	R305,286	12%
Remgro	Diversified Holdings	11	9	R3,561,000	R2,704,000	R323,727	R300,444	-7%
Seardel Investments	Diversified Holdings	11	6	R18,181,000	R686,000	R1,652,818	R114,333	-93%
Steinhoff International	Diversified Holdings	12	13	R14,060,000	R6,799,000	R1,171,667	R523,000	-55%
Adcorp Holdings limited	Education, Bus Training & Employment	8	8	R1,456,000	R1,942,798	R182,000	R242,850	33%
Anglo-Vaal Industries	Food and Beverage	10	8	R3,416,000	R3,710,000	R341,600	R463,750	36%
Astral Foods	Food and Beverage	8	7	R2,274,000	R2,506,000	R284,250	R358,000	26%
Clover Industries	Food and Beverage	10	11	R4,329,000	R4,594,000	R432,900	R417,636	-4%
Crookes Brothers	Food and Beverage	9	7	R1,611,000	R1,493,000	R179,000	R213,286	19%
Distell	Food and Beverage	14	14	R2,692,000	R2,937,000	R192,286	R209,786	9%
Illovo	Food and Beverage	7	7	R4,975,000	R5,128,000	R710,714	R732,571	3%
Pioneer Foods	Food and Beverage	9	9	R2,839,000	R2,816,000	R315,444	R312,889	-1%
SABMiller	Food and Beverage	6	14	R3,243,590	R32,516,667	R540,598	R2,322,619	330%
Tiger Brands	Food and Beverage	9	9	R5,297,000	R5,854,000	R588,556	R650,444	11%
Tongaat Hulett	Food and Beverage	11	9	R4,709,000	R5,030,000	R428,091	R558,889	31%
Adcock Ingram	Health	9	13	R5,057,000	R3,697,000	R561,889	R284,385	-49%
AfroCentric Investments Corporation	Health	9	7	R2,266,000	R2,586,000	R251,778	R369,429	47%
Aspen Holdings	Health	8	9	R3,395,000	R3,791,000	R424,375	R421,222	-1%
Life Healthcare Group	Health	10	10	R3,728,000	R4,429,000	R372,800	R442,900	19%
Mediclinic	Health	13	10	R3,736,000	R5,195,000	R287,385	R519,500	81%
Network Healthcare Holdings	Health	8	8	R8,133,000	R7,599,000	R1,016,625	R949,875	-7%
City Lodge Hotels	Hospitality	7	7	R2,208,000	R2,393,000	R315,429	R341,857	8%

Company Name	Sector	No. 2013	No. 2014	Total Fee 2013	Total Fee 2014	Average Fee 2013	Average Fee 2014	Average Fee % change
Sun International	Hospitality	12	9	R4,868,763	R4,870,604	R405,730	R541,178	33%
Tsogo Sun Holdings	Hospitality	11	10	R11,455,000	R11,349,000	R1,041,364	R1,134,900	9%
AECI	Industrial	8	9	R5,345,000	R4,878,000	R668,125	R542,000	-19%
African Oxygen	Industrial	6	5	R2,158,000	R2,366,000	R359,667	R473,200	32%
Altron	Industrial	11	11	R7,551,000	R7,370,000	R686,455	R670,000	-2%
ArcelorMittal SA	Industrial	9	6	R2,696,155	R3,122,412	R299,573	R520,402	74%
Denel	Industrial	14	13	R5,201,000	R3,389,000	R371,500	R260,692	-30%
Eskom Holdings Limited	Industrial	12	12	R10,414,000	R7,077,000	R867,833	R589,750	-32%
Invicta Holdings	Industrial	6	8	R1,454,000	R1,879,000	R242,333	R234,875	-3%
Reunert	Industrial	9	10	R3,888,000	R4,339,000	R432,000	R433,900	0%
Sasol	Industrial	12	10	R11,720,473	R15,715,000	R976,706	R1,571,500	61%
Caxton CTP	Media	5	5	R1,654,000	R2,212,000	R330,800	R442,400	34%
Naspers	Media	12	17	R15,998,000	R21,147,000	R1,333,167	R1,243,941	-7%
African Rainbow Minerals	Mining	9	10	R7,650,000	R8,207,000	R850,000	R820,700	-3%
Anglo American Platinum	Mining	15	10	R5,661,499	R5,627,098	R377,433	R562,710	49%
Anglo American plc	Mining	11	12	R24,785,714	R26,916,667	R2,253,247	R2,243,056	0%
AngloGold Ashanti	Mining	10	8	R16,798,077	R19,065,217	R1,679,808	R2,383,152	42%
Assore limited	Mining	4	4	R1,030,000	R1,200,000	R257,500	R300,000	17%
BHP Billiton	Mining	12	13	R42,409,091	R46,950,000	R3,534,091	R3,611,538	2%
Exxaro	Mining	12	12	R7,383,250	R6,303,645	R615,271	R525,304	-15%
Glencore Xstrata	Mining	13	7	R19,657,143	R24,211,111	R1,512,088	R3,458,730	129%
Gold Fields	Mining	11	7	R12,609,000	R10,425,100	R1,146,273	R1,489,300	30%
Harmony Gold	Mining	10	12	R5,830,000	R6,957,000	R583,000	R579,750	-1%
Impala Platinum	Mining	9	12	R5,959,751	R7,974,000	R662,195	R664,500	0%
Kumba Iron Ore Limited	Mining	10	9	R4,794,000	R4,437,000	R479,400	R493,000	3%
Lonmin plc	Mining	8	8	R14,658,304	R11,592,150	R1,832,288	R1,449,019	-21%
Petra Diamonds	Mining	5	4	R5,312,188	R6,208,667	R1,062,438	R1,552,167	46%
Sibanye Gold	Mining	9	11	R8,960,000	R11,833,000	R995,556	R1,075,727	8%
Trans Hex	Mining	3	3	R827,000	R799,000	R275,667	R266,333	-3%
Mondi Group	Paper and Packaging	7	6	R12,871,872	R15,792,571	R1,838,839	R2,632,095	43%
Nampak	Paper and Packaging	9	12	R4,934,645	R6,101,963	R548,294	R508,497	-7%
Sappi	Paper and Packaging	16	12	R12,428,200	R14,218,053	R776,763	R1,184,838	53%
Cashbuild	Retail	6	6	R2,048,000	R1,714,000	R341,333	R285,667	-16%
Foschini	Retail	9	9	R3,212,700	R3,403,400	R356,967	R378,156	6%
Massmart	Retail	3	5	R2,920,000	R4,012,000	R973,333	R802,400	-18%
Mr Price	Retail	12	10	R10,369,000	R8,779,000	R864,083	R877,900	2%

Company Name	Sector	No. 2013	No. 2014	Total Fee 2013	Total Fee 2014	Average Fee 2013	Average Fee 2014	Average Fee % change
Pick n Pay Stores Ltd	Retail	6	9	R3,218,000	R6,533,900	R536,333	R725,989	35%
Shoprite	Retail	8	8	R1,934,000	R1,929,000	R241,750	R241,125	0%
Spar	Retail	7	7	R3,088,000	R3,341,000	R441,143	R477,286	8%
Truworths	Retail	7	8	R2,622,000	R2,841,000	R374,571	R355,125	-5%
Woolworths	Retail	11	10	R8,517,000	R6,743,000	R774,273	R674,300	-13%
MTN Group	Technology and Telecommunications	12	12	R15,301,000	R14,666,000	R1,275,083	R1,222,167	-4%
Telkom	Technology and Telecommunications	20	12	R8,801,148	R8,654,811	R440,057	R721,234	64%
Vodacom Group Limited	Technology and Telecommunications	12	12	R5,683,013	R6,361,202	R473,584	R530,100	12%
ACSA	Transport	12	12	R2,599,000	R4,340,901	R216,583	R361,742	67%
Cargo Carriers	Transport	5	5	R871,000	R848,000	R174,200	R169,600	-3%
Grindrod	Transport	10	12	R3,592,000	R4,170,000	R359,200	R347,500	-3%
Imperial Holdings	Transport	11	12	R5,879,000	R7,186,000	R534,455	R598,833	12%
South African Airways	Transport	21	10	R4,989,588	R4,479,000	R237,599	R447,900	89%
Super Group	Transport	6	6	R3,980,269	R3,989,915	R663,378	R664,986	0%
Transnet	Transport	16	12	R6,693,000	R6,787,000	R418,313	R565,583	35%
90 Companies		907	877	R677,151,851	R733,214,900	Increase in total	R56,063,049	
Average Annual		10	10	R746,584	R836,049	Increase of average annual	R89,465	12%
Average Monthly				R62,215	R69,671	Increase of average monthyl	R7,455	
Average Weekly				R14,368	R16,090	Increase of average weekly	R1,722	

Appendix 4a: Non-executive Director average fees 2013 - 2014 - sector averages

	Sum of No. 2013	Sum of No. 2014	Total Fee 2013	Total Fee 2014	Average Fee 2013	Average Fee 2014	Change in average fee
Banking and Financial Services	121	124	R 137,272,895	R 152,413,549	1,134,487	1,229,142	8%
Construction	50	54	R 27,149,500	R 28,831,500	542,990	533,917	-2%
Diversified Holdings	67	58	R 52,084,024	R 28,440,000	777,373	490,345	-37%
Education, Bus Training & Employment	8	8	R 1,456,000	R 1,942,798	182,000	242,850	33%
Food and Beverage	93	95	R 35,385,590	R 66,584,667	380,490	700,891	84%
Health	57	57	R 26,315,000	R 27,297,000	461,667	478,895	4%
Hospitality	30	26	R 18,531,763	R 18,612,604	617,725	715,869	16%
Industrial	87	84	R 50,427,628	R 50,135,412	579,628	596,850	3%
Media	17	22	R 17,652,000	R 23,359,000	1,038,353	1,061,773	2%
Mining	151	142	R 184,325,017	R 198,706,655	1,220,695	1,399,343	15%
Paper and Packaging	32	30	R 30,234,717	R 36,112,587	944,835	1,203,753	27%
Retail	69	72	R 37,928,700	R 39,296,300	549,691	545,782	-1%
Technology and Telecommunications	44	36	R 29,785,161	R 29,682,013	676,935	824,500	22%
Transport	81	69	R 28,603,857	R 31,800,816	353,134	460,881	31%
Grand Total	907	877	R 677,151,851	R 733,214,900	746,584	836,049	12%

Appendix 5: CEO bonus and LTI payments 2014

Company	Sector	2014 CEO	2014 Salary	2014 Bonus	Bonus % Salary	2014 LTI payment	LTI % Salary	Bonus + LTI % Salary
Barclays Africa Group	Banking and Financial Services	Ramos	R 13,478,920	R 4,400,000	33%	R 18,286,600	136%	168%
Discovery	Banking and Financial Services	Gore	R 4,229,000	R 3,179,000	75%	R 4,555,000	108%	183%
FirstRand Bank	Banking and Financial Services	Nxasana	R 7,522,000	R 10,000,000	133%	R 77,609,945	1032%	1165%
Investec	Banking and Financial Services	Koseff	R 6,202,100	R 32,833,333	529%			529%
Liberty Holdings	Banking and Financial Services	**Hemphill & Dloti**	**R 5,479,000**	**R 6,747,000**	123%	**R 55,078,075**	1005%	1128%
Nedbank	Banking and Financial Services	Brown	R 6,056,000	R 8,000,000	132%	R 14,551,078	240%	372%
RMB Holdings	Banking and Financial Services	Cooper	R 7,522,000	R 1,052,000	14%	R 12,231,000	163%	177%
Sanlam	Banking and Financial Services	van Zyl	R 4,452,000			R 24,084,000	541%	541%
Standard Bank Group	Banking and Financial Services	Kruger & Tshabalala	**R 14,730,000**	**R 12,612,000**	86%	**R 33,555,159**	228%	313%
Aveng	Construction	**Jardine & Verseter**	**R 4,256,000**	**R 1,391,000**	33%			33%
Basil Read	Construction	**Heyns, Niclau & Hughes**	R 3,414,311	**R 12,324,775**	361%			361%
Group Five	Construction	Upton	R 4,747,000	R 5,229,000	110%			110%
Murray & Roberts	Construction	Laas	R 5,100,000	R 6,655,000	130%			130%
Pretoria Portland Cement	Construction	Gordhan	R 4,439,000			R 1,962,000	44%	44%
WBHO	Construction	Nel	R 2,139,000	R 5,056,000	236%			236%
Barloworld Limited	Diversified Holdings	Thomson	R 7,592,000	R 6,359,000	84%	R 31,689,752	417%	501%
Bidvest	Diversified Holdings	Joffe	R 13,762,000	R 12,340,000	90%	R 9,324,000	68%	157%
Hosken Consolidated Investments	Diversified Holdings	Copelyn	R 5,449,000	R 4,085,000	75%			75%
Remgro	Diversified Holdings	Durand	R 7,617,000					
Seardel Investments	Diversified Holdings	Queen	R 3,345,000					
Steinhoff International	Diversified Holdings	Jooste	R 25,350,000	R 11,306,000	45%			45%
Adcorp Holdings limited	Education,Bus Training & Employment	Pike	R 3,032,000	R 4,392,000	145%	R 9,775,000	322%	467%
Anglo-Vaal Industries	Food and Beverage	Crutchley	R 5,462,000	R 2,155,000	39%	R 26,298,000	481%	521%
Astral Foods	Food and Beverage	Schutte	R 3,865,000	R 1,646,000	43%	R 2,848,000	74%	116%
Clover Industries	Food and Beverage	Vorster	R 3,945,000	R 1,436,000	36%	R 4,464,000	113%	150%
Crookes Brothers	Food and Beverage	Clarke	R 2,130,000	R 1,091,000	51%			51%
Distell	Food and Beverage	**Scannell & Rushton**	**R 4,931,000**	**R 1,010,000**	20%	**R 6,201,000**	126%	146%
Illovo	Food and Beverage	**Clark & Dalgleish**	**R 6,109,000**	**R 1,140,000**	19%			19%
Pioneer Foods	Food and Beverage	Roux	R 4,446,000	R 8,754,000	197%			197%
SABMiller	Food and Beverage	Clark	R 18,083,333	R 19,933,333	110%	R 61,383,333	339%	450%
Tiger Brands	Food and Beverage	Matlare	R 4,564,000			R 3,491,000	76%	76%
Tongaat Hulett	Food and Beverage	Staude	R 7,651,000	R 5,991,000	78%			78%
Adcock Ingram	Health	**Louw & Wakeford**	**R 2,681,000**			R 9,556,571	356%	356%
Aspen Holdings	Health	Saad	R 5,814,000	R 6,506,000	112%	R 11,753,550	202%	314%

Company	Sector	2014 CEO	2014 Salary	2014 Bonus	Bonus % Salary	2014 LTI payment	LTI % Salary	Bonus + LTI % Salary
Life Healthcare Group	Health	**Fleming & Meyer**	**R 3,622,000**	**R 8,009,000**	221%	**R 4,657,000**	129%	350%
Mediclinic	Health	Meintjes	R 5,172,000	R 3,840,000	74%			74%
Network Healthcare Holdings	Health	Friedland	R 7,623,000	R 5,500,000	72%			72%
City Lodge Hotels	Hospitality	Ross	R 3,554,000	R 2,762,000	78%	R 3,668,000	103%	181%
Sun International	Hospitality	Stephens	R 5,287,325	R 6,912,951	131%			131%
Tsogo Sun Holdings	Hospitality	von Aulock	R 4,798,000	R 8,361,000	174%			174%
AECI	Industrial	Dytor	R 3,380,000	R 1,345,000	40%	R 1,438,000	43%	82%
African Oxygen	Industrial	Kimber	R 4,323,000	R 2,458,000	57%	R 286,000	7%	63%
Altron	Industrial	Venter	R 6,695,000	R 7,600,000	114%			114%
ArcelorMittal SA	Industrial	**Nyembezi-Heita & O'Flaherty**	**R 2,262,838**			**R 116,683**	5%	5%
Denel	Industrial	Saloojee	R 3,526,000	R 1,987,000	56%			56%
Eskom Holdings Limited	Industrial	Dames	R 7,931,000			R 1,928,000	24%	24%
Invicta Holdings	Industrial	Goldstone	R 2,168,000	R 2,900,000	134%	R 8,715,000	402%	536%
Reunert	Industrial	Rawlinson	R 4,997,000					
Sasol	Industrial	Constable	R 15,303,000	R 30,616,000	200%	R 36,635,000	239%	439%
Caxton CTP	Media	Moolman	R 3,308,000					
African Rainbow Minerals	Mining	Motsepe	R 8,193,000	R 2,574,000	31%	R 5,721,243	70%	101%
Anglo American Platinum	Mining	Griffith	R 7,397,390	R 3,521,157	48%			48%
Anglo American plc	Mining	Cutifani	R 20,600,000	R 25,950,000	126%			126%
AngloGold Ashanti	Mining	Venkatakrishnan	R 12,000,000					
Assore limited	Mining	Cory	R 4,679,000	R 15,261,000	326%			326%
BHP Billiton	Mining	Mackenzie	R 17,000,000	R 15,680,000	92%	R 97,255,770	572%	664%
Exxaro	Mining	Nkosi	R 7,323,305	R 3,196,069	44%	R 5,509,697	75%	119%
Glencore	Mining	Glasenberg	R 16,077,778					
Gold Fields	Mining	Holland	R 10,668,400	R 11,449,300	107%	R 4,320,700	40%	148%
Harmony Gold	Mining	Briggs	R 8,408,000	R 2,093,000	25%	R 907,946	11%	36%
Impala Platinum	Mining	Goodlace	R 6,420,000					
Kumba Iron Ore Limited	Mining	Mbazima	R 8,082,000	R 3,532,000	44%	R 1,912,000	24%	67%
Lonmin plc	Mining	Magara	R 7,702,500					
Petra Diamonds	Mining	Dippenaar	R 5,050,833	R 4,858,267	96%	R 4,536,767	90%	186%
Trans Hex	Mining	Delport	R 2,782,000	R 1,926,000	69%			69%
Sibanye Gold	Mining	Froneman	R 6,746,000	R 5,132,000	76%			76%
Mondi Group	Paper and Packaging	Hathorn	R 15,405,043	R 21,124,829	137%	R 46,341,671	301%	438%
Nampak	Paper and Packaging	**Marshall & de Ruyter**	**R 7,258,930**	**R 5,570,700**	77%	**R 5,038,606**	69%	146%
Sappi	Paper and Packaging	Boettger & Binnie	**R 9,486,674**	**R 9,029,968**	95%			95%
Cashbuild	Retail	de Jager	R 2,537,000	R 1,115,000	44%	R 2,410,000	95%	139%
Foschini	Retail	Murray	R 5,203,300	R 4,615,100	89%	R 1,000,000	19%	108%
Massmart	Retail	Pattison	R 5,215,000			R 1,969,000	38%	38%
Mr Price	Retail	Bird	R 4,692,000	R 9,384,000	200%	R 15,081,000	321%	521%
Pick n Pay Stores Ltd	Retail	Brasher	R 7,000,000	R 5,250,000	75%			75%

Company	Sector	2014 CEO	2014 Salary	2014 Bonus	Bonus % Salary	2014 LTI payment	LTI % Salary	Bonus + LTI % Salary
Shoprite	Retail	Basson	R 49,656,000					
Spar	Retail	O'Connor	R 2,233,000	R 3,176,000	142%			142%
Truworths	Retail	Mark	R 6,270,000	R 2,600,000	41%	R 43,267,000	690%	732%
Woolworths	Retail	Moir	R 8,959,000	R 9,595,000	107%	R 18,412,280	206%	313%
MTN Group	Technology and Telecommunications	Dabengwa	R 9,334,000	R 13,257,000	142%	R 3,482,000	37%	179%
Telkom	Technology and Telecommunications	Maseko	R 6,500,000	R 5,200,000	80%			80%
Vodacom Group Limited	Technology and Telecommunications	Aziz Joosub	**R 5,935,617**	**R 6,088,200**	103%	**R 4,124,764**	69%	172%
ACSA	Transport	Maseko	R 2,947,000					
Cargo Carriers	Transport	Bolton	R 1,559,000	R 130,000	8%			8%
Grindrod	Transport	Olivier	R 5,848,000	R 3,687,000	63%	R 6,775,510	116%	179%
Imperial Holdings	Transport	**Brody & Lamberti**	**R 5,357,000**	**R 7,457,000**	139%	**R 18,894,000**	353%	492%
South African Airways	Transport	**Bezuidenhout & Kalawe**	**R 3,900,000**					
Super Group	Transport	Mountford	R 3,403,521	R 5,550,000	163%			163%
Transnet	Transport	Molefe	R 5,769,000	R 2,952,000	51%			51%
Total			R 637,144,118	R 490,868,982		R 763,100,700		
Average			R 7,240,274	R 7,012,414.03	97%	R 16,236,185.12	224%	321%

Appendix 5a: CEO bonus and LTI payments 2014 - sector averages

Sector	Average of 2014 Salary	Average of 2014 Bonus	Average of Bonus % Salary	Average of 2014 LTI payment	Average of LTI % Salary	Average of Bonus + LTI % Salary
Banking and Financial Services	R 7,741,224	R 9,852,917	141%	R 29,993,857	432%	509%
Construction	R 4,015,885	R 6,131,155	174%	R 1,962,000	44%	152%
Diversified Holdings	R 10,519,167	R 8,522,500	73%	R 20,506,876	243%	195%
Education,Bus Training & Employment	R 3,032,000	R 4,392,000	145%	R 9,775,000	322%	467%
Food and Beverage	R 6,118,633	R 4,795,148	66%	R 17,447,556	202%	180%
Health	R 4,982,400	R 5,963,750	120%	R 8,655,707	229%	233%
Hospitality	R 4,546,442	R 6,011,984	128%	R 3,668,000	103%	162%
Industrial	R 5,620,649	R 7,817,667	100%	R 8,186,447	120%	165%
Media	R 3,308,000					
Mining	R 9,320,638	R 7,931,066	90%	R 17,166,303	126%	164%
Paper and Packaging	R 10,716,882	R 11,908,499	103%	R 25,690,139	185%	226%
Retail	R 10,196,144	R 5,105,014	100%	R 13,689,880	228%	258%
Technology and Telecommunications	R 7,256,539	R 8,181,733	108%	R 3,803,382	53%	144%
Transport	R 4,111,932	R 3,955,200	85%	R 12,834,755	234%	179%

Appendix 6: Company performance and CEO pay - 2013 - 2014 changes

Position on JSE by Mcape 1 July 2015	Company Name	Sector	Market Cap @ 1 July 2015 (R)	2013 Profit Before Tax (R)	2014 Profit Before Tax R)	% Change in profit	CEO Salary Change	CEO Remuneration Change
16	Barclays Africa Group	Banking and Financial Services	R 152,595,122,220	R 18,096,000,000	R 19,717,000,000	9%	122%	20%
29	Discovery	Banking and Financial Services	R 81,284,578,620	R 3,325,000,000	R 4,641,000,000	40%	9%	-16%
8	FirstRand Bank	Banking and Financial Services	R 299,771,038,773	R 20,071,000,000	R 25,377,000,000	26%	7%	2%
60 / 33	Investec Ltd / Plc	Banking and Financial Services	31418061098.85 / 68132552460.86	R 5,248,413,333	R 7,090,116,667	35%	29%	303%
47	Liberty Holdings	Banking and Financial Services	R 40,924,077,315	R 7,438,000,000	R 6,209,000,000	-17%	18%	-5%
20	Nedbank	Banking and Financial Services	R 119,178,001,994	R 12,023,000,000	R 13,759,000,000	14%	8%	11%
26	RMB Holdings	Banking and Financial Services	R 92,748,901,423	R 4,970,000,000	R 6,338,000,000	28%	5%	19%
17	Sanlam	Banking and Financial Services	R 149,313,236,870	R 12,617,000,000	R 13,329,000,000	6%	0%	-16%
12	Standard Bank Group	Banking and Financial Services	R 258,987,730,110	R 28,608,000,000	R 34,274,000,000	20%	14%	-14%
222	Aveng	Construction	R 2,416,691,400	R 626,000,000	-R 215,000,000		-2%	39%
343	Basil Read	Construction	R 567,602,351	R 371,525,000	-R 970,462,000		10%	12%
200	Group Five	Construction	R 3,102,519,928	R 558,538,000	R 672,807,000	20%	15%	72%
157	Murray & Roberts	Construction	R 5,826,043,146	R 1,706,200,000	R 1,475,400,000	-14%	19%	34%
114	Pretoria Portland Cement	Construction	R 11,102,662,744	R 1,438,000,000	R 1,205,000,000	-16%	-24%	56%
147	WBHO	Construction	R 6,600,000,000	R 1,008,577,000	R 1,108,239,000	10%	17%	-17%
75	Barloworld Limited	Diversified Holdings	R 22,157,756,260	R 2,419,000,000	R 2,530,000,000	5%	9%	-14%
21	Bidvest	Diversified Holdings	R 102,492,891,576	R 6,836,198,000	R 6,943,832,000	2%	15%	2%
85	Hosken Consolidated Investments	Diversified Holdings	R 16,305,793,695	R 1,900,101,000	R 1,786,097,000	-6%	6%	9%
19	Remgro	Diversified Holdings	R 121,787,266,502	R 363,000,000	R 55,000,000	-85%	4%	5%
203	Seardel Investments	Diversified Holdings	R 3,017,690,012	R 84,907,000	R 282,784,000	233%	6%	-23%
10	Steinhoff International	Diversified Holdings	R 273,069,588,869	R 8,073,000,000	R 12,417,000,000	54%	32%	36%
189	Adcorp Holdings limited	Education,Bus Training & Employment	R 3,565,488,145	R 232,430,000	R 256,133,000	10%	18%	15%
67	Anglo-Vaal Industries	Food and Beverage	R 27,216,008,169	R 1,492,800,000	R 1,830,600,000	23%	8%	-20%
141	Astral Foods	Food and Beverage	R 6,885,906,944	R 288,000,000	R 469,901,000	63%	6%	44%
196	Clover Industries	Food and Beverage	R 3,191,429,346	R 344,657,000	R 224,467,000	-35%	4%	-18%
319	Crookes Brothers	Food and Beverage	R 779,385,349	R 117,053,000	R 99,282,000	-15%	13%	9%
54	Distell	Food and Beverage	R 35,278,413,340	R 1,610,930,000	R 2,042,111,000	27%	35%	17%
148	Illovo	Food and Beverage	R 6,528,551,993	R 1,629,000,000	R 1,605,300,000	-1%	31%	-14%
46	Pioneer Foods	Food and Beverage	R 42,341,219,220	R 948,400,000	R 948,120,000	0%	5%	-24%
2	SABMiller	Food and Beverage	R 1,099,478,180,672	R 39,266,666,667	R 53,588,888,889	36%	5%	8%
39	Tiger Brands	Food and Beverage	R 53,971,632,908	R 3,223,300,000	R 2,696,000,000	-16%	7%	-10%
84	Tongaat Hulett	Food and Beverage	R 16,483,725,732	R 1,559,000,000	R 1,765,000,000	13%	9%	16%
126	Adcock Ingram	Health	R 8,962,808,748	R 848,108,000	-R 1,015,967,000		-25%	36%
15	Aspen Holdings	Health	R 168,848,958,690	R 4,489,400,000	R 6,356,500,000	42%	4%	5%
48	Life Healthcare Group	Health	R 39,030,755,138	R 2,833,000,000	R 3,973,000,000	40%	29%	58%
27	Mediclinic	Health	R 88,531,647,150	-R 301,000,000	R 4,362,000,000		4%	25%
38	Network Healthcare Holdings	Health	R 55,483,249,988	R 5,777,000,000	R 2,897,000,000	-50%	5%	6%
152	City Lodge Hotels	Hospitality	R 6,068,523,020	R 304,361,000	R 378,591,000	24%	10%	10%
102	Sun International	Hospitality	R 12,097,746,969	R 1,498,000,000	R 1,465,000,000	-2%	-27%	-29%

Position on JSE by Mcape 1 July 2015	Company Name	Sector	Market Cap @ 1 July 2015 (R)	2013 Profit Before Tax (R)	2014 Profit Before Tax R)	% Change in profit	CEO Salary Change	CEO Remuneration Change
69	Tsogo Sun Holdings	Hospitality	R 25,316,746,917	R 2,455,000,000	R 2,749,000,000	12%	6%	29%
90	AECI	Industrial	R 14,500,225,700	R 1,267,000,000	R 1,477,000,000	17%	-11%	-42%
170	African Oxygen	Industrial	R 4,714,227,513	R 468,000,000	R 189,000,000	-60%	43%	-9%
204	Altron	Industrial	R 3,016,584,171	-R 545,000,000	R 1,101,000,000		-12%	72%
153	ArcelorMittal SA	Industrial	R 6,062,228,995	-R 2,198,000,000	-R 618,000,000		-49%	68%
	Denel	Industrial		R 82,000,000	R 190,000,000	132%	5%	5%
	Eskom Holdings Limited	Industrial		R 7,040,000,000	R 9,163,000,000	30%	-6%	59%
132	Invicta Holdings	Industrial	R 8,001,486,928	R 818,756,000	R 851,000,000	4%	0%	15%
100	Reunert	Industrial	R 12,252,346,712	R 1,114,100,000	R 680,200,000	-39%	7%	8%
9	Sasol	Industrial	R 285,803,581,824	R 39,779,000,000	R 45,113,000,000	13%	26%	-3%
134	Caxton CTP	Media	R 7,340,955,956	R 685,851,000	R 564,974,000	-18%	5%	5%
3	Naspers	Media	R 815,333,981,011	R 9,300,000,000	R 9,424,000,000	1%		
79	African Rainbow Minerals	Mining	R 19,188,560,558	R 1,698,000,000	R 4,090,000,000	141%	5%	-10%
30	Anglo American Platinum	Mining	R 77,282,738,071	R 677,000,000	R 454,000,000	-33%	10%	2%
11	Anglo American plc	Mining	R 272,084,519,146	R 17,000,000,000	-R 2,877,777,778		-11%	-18%
44	AngloGold Ashanti	Mining	R 43,689,232,615	-R 26,385,416,667	R 2,400,000,000		-56%	-59%
88	Assore limited	Mining	R 15,299,531,130	R 508,453,000	R 698,053,000	37%	5%	6%
5	BHP Billiton	Mining	R 556,805,487,579	R 162,472,727,273	R 222,360,000,000	37%	-13%	-22%
58	Exxaro	Mining	R 32,044,175,387	R 5,800,000,000	-R 871,000,000		7%	13%
4	Glencore Xstrata	Mining	R 703,622,705,643	-R 76,880,000,000	R 47,255,555,556		22%	22%
63	Gold Fields	Mining	R 29,735,719,006	-R 615,200,000	R 138,500,000		9%	100%
143	Harmony Gold	Mining	R 6,843,776,117	-R 2,008,000,000	-R 1,549,000,000		13%	14%
50	Impala Platinum	Mining	R 37,237,420,856	R 2,551,000,000	R 15,000,000	-99%	0%	-1%
41	Kumba Iron Ore Limited	Mining	R 49,775,166,422	R 25,102,000,000	R 18,752,000,000	-25%	10%	5%
94	Lonmin plc	Mining	R 13,911,232,893	R 1,272,727,273	-R 3,622,222,222		0%	-61%
	Petra Diamonds	Mining		R 1,160,000,000	R 2,085,555,556	80%	11%	38%
81	Sibanye Gold	Mining	R 17,419,411,377	R 1,954,500,000	R 2,335,000,000	19%	7%	-13%
366	Trans Hex	Mining	R 339,364,080	R 87,022,000	-R 6,227,000		12%	10%
57 / 23	Mondi Group Ltd / Plc	Paper and Packaging	32074647522.5 / 99518585746.95	R 7,512,820,513	R 9,585,714,286	28%	21%	46%
72	Nampak	Paper and Packaging	R 24,221,621,495	R 1,739,000,000	R 1,310,200,000	-25%	35%	89%
73	Sappi	Paper and Packaging	R 23,428,378,069	-R 1,236,363,636	R 1,522,222,222		46%	740%
133	Cashbuild	Retail	R 7,672,060,736	R 352,033,000	R 380,489,000	8%	7%	46%
55	Foschini	Retail	R 33,374,669,391	R 2,713,700,000	R 2,375,100,000	-12%	3%	-41%
56	Massmart	Retail	R 33,091,560,080	R 1,897,400,000	R 1,620,800,000	-15%	0%	-16%
35	Mr Price	Retail	R 62,744,025,920	R 2,128,000,000	R 2,600,000,000	22%	24%	34%
66	Pick n Pay Stores Ltd	Retail	R 27,689,654,279	R 808,900,000	R 833,100,000	3%	78%	246%
25	Shoprite	Retail	R 94,409,299,008	R 5,193,853,000	R 5,467,000,000	5%	0%	0%
61	Spar	Retail	R 31,002,585,187	R 1,662,500,000	R 1,844,000,000	11%	-28%	-2%
52	Truworths	Retail	R 36,152,012,208	R 3,366,000,000	R 3,357,000,000	0%	10%	-23%

Position on JSE by Mcape 1 July 2015	Company Name	Sector	Market Cap @ 1 July 2015 (R)	2013 Profit Before Tax (R)	2014 Profit Before Tax R)	% Change in profit	CEO Salary Change	CEO Remuneration Change
22	Woolworths	Retail	R 100,132,820,513	R 3,647,000,000	R 4,104,000,000	13%	21%	5%
7	MTN Group	Technology and Telecommunications	R 421,676,751,550	R 42,707,000,000	R 51,063,000,000	20%	5%	-15%
62	Telkom	Technology and Telecommunications	R 30,855,191,650	-R 11,009,000,000	R 4,486,000,000		2%	1%
13	Vodacom Group Limited	Technology and Telecommunications	R 199,237,040,600	R 18,434,000,000	R 19,585,000,000	6%	55%	40%
	ACSA	Transport		R 1,641,040,000	R 2,313,297,000	41%	14%	53%
373	Cargo Carriers	Transport	R 305,000,000	R 39,769,000	R 49,829,000	25%	-42%	-43%
116	Grindrod	Transport	R 10,950,265,589	R 1,378,590,000	R 1,270,000,000	-8%	6%	-18%
51	Imperial Holdings	Transport	R 37,165,007,380	R 5,090,000,000	R 4,957,000,000	-3%	-8%	24%
	South African Airways	Transport		-R 1,170,000,000	-R 2,538,000,000		73%	-21%
122	Super Group	Transport	R 9,728,056,399	R 1,066,687,000	R 1,242,303,000	16%	6%	7%
	Transnet	Transport		R 6,320,000,000	R 7,135,000,000	13%	5%	30%
	Cross Sector Average			R 472,887,013,755	R 729,071,406,175	54%	6%	10%

Note: Blanks indicate that in either or both years the company experienced a loss and therefore the percentage increase in profit is not calculated. Negative percentages indicate that the company performance did make a net profit before tax in 2014, however, the profit was less than in 2013 by the percentage given

Appendix 6a: Company performance and CEO pay - 2013 - 2014 changes - sector averages

Sector	% Change Profit	Change in Average Salary	Change in Average Remuneration
Banking and Financial Services	18%	24%	34%
Construction	0%	6%	33%
Diversified Holdings	34%	12%	3%
Education,Bus Training & Employment	10%	18%	15%
Food and Beverage	9%	12%	1%
Health	11%	3%	26%
Hospitality	11%	-4%	3%
Industrial	14%	0%	19%
Media	-8%	5%	5%
Mining	20%	2%	2%
Paper and Packaging	1%	34%	292%
Retail	4%	13%	28%
Technology and Telecommunications	13%	20%	9%
Transport	14%	8%	5%

A National Minimum Wage

By Mayibuye Magwaza

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> *"[I]t has come to pass that working men have been surrendered, isolated and helpless, to the hardheartedness of employers and the greed of unchecked competition…To this must be added that the hiring of labour and the conduct of trade are concentrated in the hands of comparatively few; so that a small number of very rich men have been able to lay upon the teeming masses of the labouring poor a yoke little better than that of slavery itself."*
> *[…]*
> *"Just as the symmetry of the human frame is the result of the suitable arrangement of the different parts of the body, so in a State is it ordained by nature that these two classes should dwell in harmony and agreement, so as to maintain the balance of the body politic. Each needs the other: capital cannot do without labour, nor labour without capital."*
>
> Pope Leo XIII, On the Duties of Capital and Labour. 1891. 3, 19.

1. INTRODUCTION

South Africa faces alarmingly high levels of inequality, poverty and unemployment in the context of a weak economic outlook. Recently, Parliament hosted a series of hearings and workshops on the possibility of legislating a national minimum wage. A National Economic Development and Labour Council (NEDLAC) Task Team is currently discussing some form of a minimum wage agreement, and had until July 2015 to report back to Deputy President Cyril Ramaphosa. This debate was foreshadowed by the inclusion of a call for an investigation into the topic of a minimum wage in the ANC's 2014 Election Manifesto, at the behest of the Congress of South African Trade Unions (COSATU).

At this point it seems quite likely that there will be a national minimum wage, but the real question is at what level this wage will be set.

On the one hand, some economists, such as Nicoli Nattrass and Jeremy Seekings (Nattrass, 2015; Seekings & Nattrass, 2015) warn of job losses and worsening unemployment if the minimum wage is set at too high a level[1]. Given South Africa's serious problems with unemployment, these arguments should give us pause. We really cannot afford significant job losses.

1. Nattrass presented many of her arguments at a Round Table discussion held by the Catholic Parliamentary Liaison Office in April 2015. For an explanation of Nattrass and Seeking's position, see Nattrass and Seeking, 2015.

On the other hand, not all economists agree[2] with this proposition and most trade unions (such as COSATU and the South African Clothing and Textile Workers Union, SACTWU) insist that a higher minimum wage is needed to allow people to survive, and will in fact stimulate the local economy by fostering demand among the working class (Coleman 2014a; Coleman 2014b). Furthermore, South Africa has extremely high inequality, and current wages are often below the basic amount needed to survive and raise a family. Clearly, this is unsustainable – a point that we should take seriously, given the repeated violent strikes, service delivery protests and, most recently, xenophobic riots.

As things currently stand, South Africa does not have a directly legislated national minimum wage. As Nattrass (2015) notes, minimum wages are determined sectorally, by bargaining councils or through the Employment Conditions Commission. The Commission generates wage determinations for sectors that are not covered by bargaining councils. Such arrangements would not be supplanted by a national minimum wage, but would create a base level below which such determinations could not fall.

This briefing paper will attempt to shed some light on the terrain of the debate on the national minimum wage. In the process it will discuss some of the economic concepts commonly invoked in debates around minimum wages, as well as some of the arguments for and against a higher national minimum wage. This debate includes issues around the cost of living for the poor and the likely impact of a minimum wage on job creation.

2. WAGE ELASTICITY, SUPPLY AND DEMAND

The neo-classical school of economics tells us that wages and employment are linked via the elasticity of labour demand. Generally, when something is cheaper, people will purchase and use more of it. This supply and demand relationship is affected by a concept called elasticity, which refers to how much the price of something changing will affect the demand for that commodity[3]on the open market. Elasticity differs from commodity to commodity. Something that is extremely elastic is subject to swings in demand that are very closely linked to the price. If the price of chocolate increased, for example, most people would buy less chocolate, either forgoing it altogether, or choosing equally delectable but cheaper alternatives, such as nougat. There would always be a few die-hards who would pay whatever it took, but these would be a minority. Overall, chocolate consumption would fall dramatically.

On the other hand, petrol is relatively inelastic.[4] When the price of petrol goes up, most people simply have to spend more money. People can avoid leisure driving, and they may have the option of travelling via the train or walking to their destinations, but a great deal of driving is very necessary and simply cannot be avoided. If someone takes a minibus taxi to work, and they have no other way of getting there, then they cannot do anything to reduce their use of the taxi – they simply have to bear whatever the price of petrol (as transmitted through the taxi fare) is, and hope that they can negotiate a higher wage, or find ways to cut back expenses elsewhere.

2. See Isaacs and Fine (2015) for a nuanced, well thought out challenge to Nattrass and Seeking's position. Historically, one of the most famous papers challenging the theory of minimum wage increases leading to job losses is Card and Krueger (1992), which showed a minimum wage increase in New Jersey not leading to job losses, by comparison with next-door Pennsylvania, which did not increase the minimum wage. Of course, Nicoli Nattrass challenges the idea of drawing parallels from the US experience.
3. I use the word commodity advisedly, since this is the way labour is treated in this school of thought.
4. It varies from location to location and changes over the short and long term, but as Moffatt notes in his helpful summary of this issue, a meta-study by Espey (1996) found that a 10% increase in the cost of petrol decreases consumption by about 2.5%.

This phenomenon of elasticity also manifests itself in relation to wages and hiring. All other things being equal[5], if labour is cheaper, businesses are more likely to hire people, provided they will continue to make a profit by doing so. On the other hand, when the cost of labour rises, businesses will look for ways to maintain or increase their output without hiring more people, possibly by using automation or tools that allow fewer people to do the same amount of work. When building a road, for example, one can hire large numbers of people with shovels, or one can use one bulldozer. Car wheels can be attached by a worker or a robot. Clothes can be moved around a factory floor by people carrying baskets or by an automated overhead rail system.

Such economic observations need to be wreathed in caveats. These broad concepts do not take account of factors such as industrial policy, supply chain efficiencies, tariffs, or a host of intervening issues that affect the competitiveness of various industries or how much people get paid. It would be a mistake to believe in a rigid, mechanistic relationship between the level of the minimum wage and the employment rate.

To be fair, economists such as Professors Nattrass and Seekings who worry about job losses are not deploying such a crude argument – however, they do believe that higher wage levels will affect business decisions, and that the prospect of job losses should be taken seriously when considering how to set minimum wages.

The textile and clothing sector in South Africa has been one of the bellwethers of this broader debate around jobs and wages, and is the specific example that Nattrass and Seekings have focused on. A previously thriving sector, competition from cheap Chinese imports has put serious pressure on this industry and has resulted in numerous factory closures.

According to Professor Nattrass (2015), there are two 'tiers' of clothing manufacturers. The lower tier specialises in cheap, easily made garments such as t-shirts and sleepwear, and pays lower wages while being quite labour intensive. Manual labour is extensively used, for example for putting in rivets in jeans or moving clothes down the factory line.

The second, upper tier makes clothes such as blazers, jackets and sportswear, and is more capital intensive. That is to say, there are fewer workers, but they earn more, are more skilled, and use more tools and equipment. Nattrass' (2015) concern is that too high a minimum wage will effectively eliminate the lower tier, which relies on cheap labour to remain competitive with the aforementioned Chinese products.

While this is an example of one industry, the question extends beyond clothing (or agriculture, where similar debates have taken place). Overall, this can be summed up as an apparent tension between creating decent work (which pays enough for people to survive and support their families) and creating work of any sort, which will allow people to at least do better than just remaining unemployed.

5. It is important to remember that quite often all other things are not, in fact, equal, and many other factors can impact on hiring decisions. At this point we are still discussing theory, however.

3. INFLATION, FOOD PRICES AND THE TRUE COST OF LIVING FOR THE POOR

It is important to note that neoclassical economics generally does not take account of morality. For example, in an unregulated market a firm that has a monopoly on a uniquely powerful cancer drug can charge whatever it wants for it, but obviously price-gouging cancer patients is a deeply problematic action. Similarly, when negotiating with desperately poor people it is possible for businesses to offer extremely low wages, especially if the workers have nowhere else to turn to, or are not effectively unionised.

What is economically possible and what is right are often at odds, and marrying the two requires serious thought, and good data about the ultimate impacts of policy decisions. It is important to understand not just what businesses are willing or able to pay, but also how much money people need to survive.

The Pietermaritzburg Agency for Community Social Action (PACSA) has done extensive work on the cost of living for the poor, based on ground level research on issues such as the cost of transport and food. Most notably, they regularly update a monthly food price barometer. This is based on a basket of 32 different types of food, based on the observed purchasing patterns of low-income earners, at shops that they usually frequent (PACSA, 2014b).

It is important to understand that PACSA's work has been longitudinal, which means it provides a series of snapshots of the food price over time. This contributes greatly to the value of their work, and allows reliable conclusions to be drawn from their studies.

This has been coupled with other budgetary work on the cost of living and the needs of poor people, in order to develop an accurate understanding of the true cost of living for them. PACSA's work has garnered a significant amount of respect and is often cited in respected publications such as *Business Day* when discussing related topics.

The evidence from PACSA's work overwhelmingly shows that poor people in South Africa do not have the resources they need to sustain themselves. In a media statement they pointed out that "a household earning R4, 000 a month would be spending 41% of their income on the food basket" (PACSA, 2014a). Furthermore, "The 2014 PACSA Food Price Barometer has shown that as economic pressures increase on households and certain foods become unaffordable, households substitute those foods with cheaper products. These cheaper products have now become unaffordable, leaving households with no further choices but hunger…The protests that are mushrooming across the country and the increasingly protracted and violent wage strikes are indicative of the situation in which workers can no longer afford to feed their families on their low wages" (PACSA, 2014a). This statement was made in October 2014, and 3 months later the first of the most recent xenophobic attacks took place. It is increasingly being argued that the xenophobic riots, along with other social unrest, are closely linked to poverty and increased financial pressure on the poor.

As PACSA has astutely noted, this pressure on the poor comes from a variety of sources. It is not just the rapid increase in the cost of food that has put so much pressure on their budgets, but a host of sources, including the increased cost of electricity. Any hope for relief resulting from lower petrol prices has been dampened by recent tariff increases announced in the latest national Budget.

Writing for the *Mail and Guardian*, Chantelle Benjamin (2014) notes that "In general, those in favour of the government's proposals to implement a minimum wage put forward a figure of R4, 500." COSATU (alongside others) has argued that people require approximately R4, 500 per month to survive, and that a minimum wage should be set at between R4, 800 and R6, 000 per month (Craven, 2014). This, in their account, will both address poverty and inequality, as well as actually assist the economy, through a phenomenon known as wage-led growth.

4. WAGE-LED GROWTH

Henry Ford, the American industrialist, famously[6] paid his workers well enough that they could afford to buy the cars that they made. The argument for wage-led growth seeks to take this idea and manifest it broadly. If workers are paid well they can afford to buy more products, which stimulates demand and in turn leads to a virtuous cycle of increased production, job creation and economic growth.

This argument has been put forward by supporters of an increased minimum wage, such as COSATU's Neil Coleman. Drawing on experiences from Brazil, the UK and the US, Coleman has argued that increasing the minimum wage can both alleviate poverty and assist in economic growth by increasing the purchasing power of the working class, resulting in a faster growing economy (Coleman, 2014a; 2014b).[7]

This prospect needs to be considered seriously. If COSATU is correct, putting more resources in the hands of the poor via an increased minimum wage would be both in accordance with Catholic social thought, and economically sound. Their specific demands sound high, but the thrust of their argument is worth engaging with.

Nattrass (2015) argues, however, that Coleman's examples (Brazil and the US) are both economies in which inequality is high, but unemployment is relatively low. In other words, addressing unemployment is not a priority in these economies, and consequently there is more space to increase minimum wages, without having to worry about unemployment increasing.

Nattrass (2015) also argues that Brazil has reached the limits of its wage-led growth. Furthermore, she notes that increased spending will not always necessarily reinvigorate the economy and that a portion of this spending will likely go towards imports (for example, of Chinese products), thus deepening the South African trade deficit without improving the economy.

5. BEYOND THE MINIMUM WAGE

One of the fundamental problems is that the poor need more income, but transferring this wealth to them via increased wages could lead to fewer jobs. Nattrass has suggested that we should seek alternative means of transferring wealth to the poor that will not increase unemployment, such as greatly increasing taxes on the wealthiest sectors of the society and using the increased revenue to fund a basic income grant. This, she argues, would have the effect of avoiding job destruction.

In their paper on the topic, economists Gilad Isaacs and Ben Fine (2015) have argued that minimum wages are merely a (relatively small) part of the totality of factors that determine employment. Industrial policy, tariff policies and so on are all important, and Isaacs and Fine

6. This story may or may not be apocryphal – more important, however, is the idea that is represented by this story.
7. Coleman invokes the Henry Ford example in his Business Day article (a) – he invokes the Brazilian case in both his pieces.

urge sensitivity to these factors, accusing Professor Nattrass of 'fixating' on minimum wages. While they are correct about the need for a 'big picture', this claim is perhaps a little unfair. Nattrass is certainly not uninterested in the plight of the poor, nor is she ignoring all other issues. Indeed, advocates on both sides of the issue have been willing to look further than the debate. For example, some advocates of a higher minimum wage (such as Mervyn Abrahams, the director of PACSA) have also recognised the potential problem of job losses, and have suggested that smaller businesses need to be assisted to deal with this (Abrahams, 2015).

When considering this debate, the foremost question must be how to best help the poor and address inequality. The complication is how this can be implemented without potentially backfiring due to the amoral nature of market economics.

6. CONCLUSION

Whether the minimum wage is implemented, and at whatever level it appears, it is obviously nothing like a complete solution to South Africa's economic woes. An entire array of issues, including electricity constraints, productivity, education and industrial policy, need serious attention. Indeed, the labour writer Terry Bell (2015) argues that the minimum wage is at best an extremely small piece of the puzzle in dealing with South Africa's problems, if not an outright distraction.[8]

However, wading into such debates at this point in time is not feasible. The current proposed policy is to institute a minimum wage. Government has not proposed, and is not seriously considering, a more progressive tax system in order to fund a Basic Income Grant. General progress in implementing the National Development Plan has been disappointing. These are all issues that urgently need to be discussed, but it would be a mistake to use these as 'silver bullet' notions in order to avoid any discussion of the level at which the minimum wage should be set.

If nothing else changes, but the minimum wage is increased significantly, then marginal businesses will quite likely be forced to close their doors. At the same time, allowing businesses to enrich themselves by exploiting the poor is deeply unjust. As with so many South African issues, this one is likely to remain deeply divisive, whatever the legislated outcome of the debate.

8. Terry Bell also spoke at the Round Table, together with Professor Nattrass and Mervyn Abrahams.

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Twenty Years Of South African Macro-Economic Policy And Social Inequality

By Niall Reddy

INTRODUCTION

A curious feature marked the vast body of commentary occasioned by the 20th anniversary of democracy. With due credit to the achievement of liberal rights and broad stability, few writers failed to remark on the ANC government's failure to seriously tackle inequality, poverty and unemployment, South Africa's so-called "triple crisis". But on all too many occasions, the frank recognition of these gaping social ailments sat comfortably besides laudatory acclamations of the ANC's macroeconomic "prudence", "stability" and "success". "Economic success", it seems, derives from a metric quite unrelated to social wellbeing.

The plainness and ubiquity of these views testifies to the success and entrenchment of neoliberalism in South Africa. Pulled apart from the social relations that govern how and what we produce, distribute and consume, "the economy", in neoliberal ideology, becomes something that is above and opposed to society, a supra-historical entity of mystical "market forces". Governing this entity ceases to be a political exercise – predicated on the balance of competing interests to meet identifiable social ends. Rather "the economy" abstraction demands technocratic management – the tinkering of a limited set of policy tools by politically insulated bodies to achieve a set of positive "indicators". The claimed success of ANC economic policy comes from South Africa's low inflation, tight deficits and loose regulation. In an earlier phase of neoliberal conquest, these positions demanded some rationalisation as economic prudence was considered the route to social upliftment because "a rising tide lifts all boats", or worse, greater wealth would eventually "trickle down". But such is the depth of the neoliberal revolution that such justifications need no longer feature because the economy can be judged comfortably in abstraction from human ends. Success can be achieved, even though South Africa's population is poorer, more unequal and less likely to be employed.

This chapter offers a break with this toxic logic. Contributing to the debate on 20 years of democracy, we assess the policy of the ANC based on the way it affects the people of South Africa, apart from whom no "economy" exists. In particular, we focus here on a group that comprises around 35% of South Africa's population, but whose material circumstances affect its vast majority: workers – both those employed and those who constitute the "reserve army". In an attempt to explain how "macroeconomic prudence" could be matched with such dismal social indicators, it is workers themselves who have shouldered much of the blame put out by business and mainstream economists. Perhaps the dominant perception in South Africa holds that a large section of formal sector workers have been key beneficiaries of the post-Apartheid period, through powerful unions and high wages, which are responsible for unemployment. Spreading the benefits of economic growth, in this view, requires standing up to demands for above-inflation wages and enacting legislation to curb the power of unions. Amongst other myths, we show that there is no basis to these views. Only a sliver of the highest earning, white collar workers, have derived real benefits from the post-apartheid economy – whilst the rest remains linked to the broader working class through precariousness and stagnating wages.

Grasping this is crucial to an understanding of the labour crisis that is presently reshaping the landscape of South African politics.

THE TRANSITION AND POST-APARTHEID DEVELOPMENT: NOT FAUSTIAN ENOUGH?

Last year former ANC minister Ronnie Kasrils, now a staunch critic of the government, caused a stir when he labeled the ANC's agreement for an IMF loan in 1994, consequent with the usual laissez faire "conditionalities", as the "Faustian Pact" in which many of the aspirations of the transition were sold (Kasrils, 2013). Faust was a figure from German mythology who gave his soul to the devil for material pleasures, but his name really became known to the world through the epics of the 19th century playwright, Johann von Goethe. Goethe's work was immortalised as a testimony to the birth of the modern world and the destruction of the old. In his re-imaging of the classic tale, Faust makes a series of deals with the devil, Mephistopheles, only the first of which were for personal ends. The culmination of the epic is a parable of the full force of capitalist development. Faust uses the powers granted by Mephistopheles to dramatically reshape the world around him, bringing wealth, order and technology. The price he is forced to pay for this – the murder of a goodly family who refuse to be evicted for the sake of his developmental project, illustrates the tragedy of modernity and capitalist emergence.

Like Faust, the Alliance's National Democratic Revolution signed a deal with the forces of reaction in order to secure the development of a black bourgeoisie that would carry forward the tasks of industrialising and deracialising the economy. Though its rise would be based like all capitalist development on the continuing exploitation of workers, it would fertilise the conditions for a transition to a socialist and more egalitarian society. According to the ANC's discussion document at its 2012 Congress, *The Second Transition,* the "emerging black capitalists" would, inter alia, drive "industrialisation and the development of national productive capacity; research, innovation, productivity, technology and skills development; [and] job creation, labour intensive sectors and local economic development" (ANC, 2012). But unlike Faust, the tragedy of this story is not that development proceeded through the destruction of the old society – but that it did not proceed at all. Depending on your version, the ANC's pact was Faustian, or not Faustian enough.

The hopeful programme assigned to the new class of black capitalists reads sadly as a negative of the actual history of post-apartheid development. Rather than a diversified, labour intensive, manufacturing based accumulation path, South Africa has seen the continuation of a highly unequal, uneven, capital intensive form of development with new contradictions, now married to neoliberal globalisation that has brought new sets of contradictions. From many angles, the main reward for the ANC's decisions not to affect the property rights of the traditional ruling class, has been the inclusion of a black stratum into the economic elite – not as the pioneers of a new economy but as the political guardians of the old. As the same ANC discussion document confesses, rather presciently, "the "dependence of this stratum [the emerging black bourgeoisie] on white and multinational capital and the state, makes some susceptible to pursue narrow interests, which may not always be in the interest of economic transformation".

SOUTH AFRICA'S MINERALS-ENERGY COMPLEX AND THE ROAD FROM THE FREEDOM CHARTER TO GEAR

The failures of the NDR's hope of national bourgeois development is based on a failure to understand the nature of South African capitalism and its relation to the world system at the time of the transition as well as subsequently. Many writers have begun referring to a Minerals-Energy Complex (MEC) since the Marikana massacre and the networks of state and corporate collaboration that it revealed. The term was originally coined in the mid-1990s by political economists Ben Fine and Zavareh Rustomjee (1996), who used it to understand the historical trajectory of capitalist development in South Africa, sprouting from the emergence of a nexus of several mega-conglomerates around the early and mid-20th century. These companies were mostly based in mining and immediate downstream industries, but soon came to dominate a wide range of sectors from engineering to finance. Through their backwards and forwards linkages and the close relationship they evolved with the state, the MEC acted as more than just a set of important industries – but as a "system" that imparted a particular direction to the accumulation path of the whole country. The result was a form of capitalist development that suffered pathologies that the ANC correctly discerned – even if the root causes were unexplored. Quite rightly, the new government noted that an inclusive economic system in South Africa demanded job-intensive diversification out of these extractive based MEC core sectors.

By the 1980s the interests of the MEC and dominant capital had shifted. Apartheid was seen as a fetter on the creation of a productive urban workforce and on the liberalisation and globalisation of the economy. The stage was set for South African capital to make its pact with the forces of liberation. But unlike Faust's Mephistopheles, the MEC could not and did not offer the new government the power of unlimited development in the manner it saw fit. Instead they offered it a recipe for growth on their own terms – the market fundamentalist policies for which, at the time, many claimed "There is No Alternative". South Africa only needed to create the ideal conditions for business and tear down its walls with the global economy – the market would do the rest. Redistribution or heavy state involvement, on the other hand, would jeopardize this. Through well-documented means, the ANC was convinced, cajoled and bought into this line of thinking by legions of corporate experts, private think tanks and International Financial Institution (IFI) staffers (Bond, 2005). Some were more easily convinced than others.

Already by 1992 the redistributivist, Freedom Charter-inspired statements of the Alliance were being dampened down. By 1994 the fear created by Mandela's invocation of nationalisation had been put to rest as the economic policy talk of the ANC chiefs firmly aligned with the business community. When the Macroeconomic Research Group (MERG), comprised of more heterodox and radical economists, published their long awaited findings in 1995 it was already too late - and the report, to the dismay of the left, died a "quiet death" (Marais, 2010). Nevertheless, the toughly negotiated Reconstruction and Development Programme (RDP) which emerged as the manifesto of Mandela's 1994 campaign still contained moderate social democratic linings and fillips to redistribution, but these were not to make the transition from White Paper to reality. People-driven and welfarist clauses were simply ignored in favour of the crusading neoliberal orthodoxy. By 1996, impelled by a politically driven currency collapse, the Growth Employment and Redistribution Strategy (GEAR) became entrenched as the ANC's macroeconomic lodestar (Gelb, 2007). The document strained rhetorically at times to measure up to its name and to the popular RDP, but its spirit was firmly and openly neoliberal. GEAR was to be demonised almost a decade later by opponents of Mbeki who deployed themselves against the so-called "1996 Class Project", but its framework was never to be departed from by any ANC government so far. As we discuss later, NUMSA's stinging critique of the recently adopted National Development Plan turns crucially on that document's strong affinities, even identities, with GEAR. In 1997 the RDP office was shut down and the plan functioned as little more than a loose commitment to certain delivery goals.

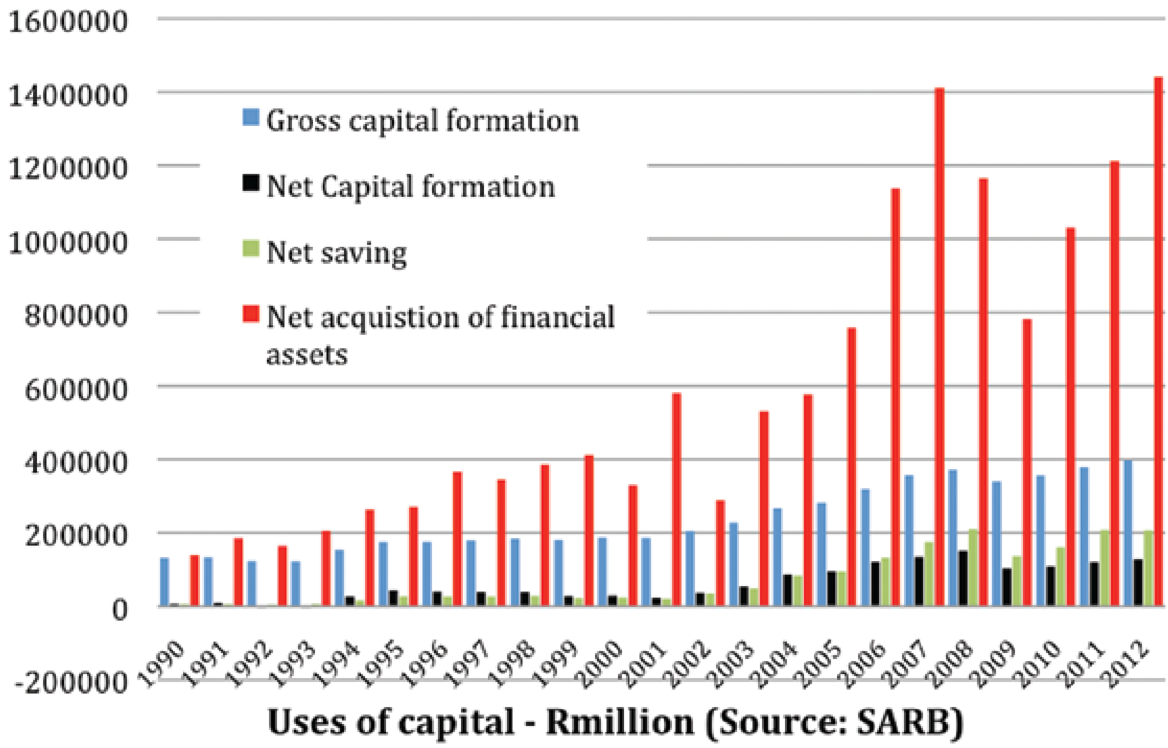
MACROECONOMIC SUCCESS? FINANCIALISATION AND DISINVESTMENT

With the end of Apartheid the central imperatives of MEC and other large sections of capital in South Africa were to internationalise, both to take advantage of the opportunities presented by globalisation and to minimise exposure to a country with potential political instability and to extend and normalise financialisation. In the first place this involved extensive corporate restructuring along traditional neoliberal lines, including core-functions focus, shareholder value maximisation and greater involvement in financial markets by "non-financial" businesses. The traditional MEC core centred on several conglomerates dispersed itself in an orgy of mergers, acquisitions and unbundlings, peaking at 630 M&As in 1998 (Mohamed and Kinoff, 2000). Global mobility and openness was achieved with Trevor Manuel's agreement to allow key firms to re-list to international financial centres and the accelerated dismantling of exchange controls. Through an open capital account, the ANC government hoped to disincentivise illicit capital flight and encourage short-term flows to balance out appreciative inflows and long term leakages (Gelb, 2007). Nothing of the sort occurred. The desire of capital to achieve global reach has been firmly achieved by massive capital flight, the illicit proportion of which alone averaged 12% of GDP between 2000 and 2007, much of it due to transfer pricing in the mining sector. Particularly after 2003 this was joined by massive illicit outflows of profits, dividends and interest causing SA's current account balance to plummet (Ashman, et al, 2011).

The watchword of the early ANC macroeconomic policy was "stability" in the terms of the Washington Consensus – focused on low, stable inflation (3-6%) and controlled fiscal deficits. It is the government's achievement of these targets, at least in later years, that are the grist for claims of "macroeconomic success". But even accepting "stability" as an end in itself of economic policymaking – the restricted definition staked by neoclassical economics renders those claims rather risible. In the initial post-apartheid years the government tried to sterilise the effects of major outflows caused by local and international instabilities with large rand purchases that were costly and ineffective. By 2000, with deepening commitment to the imperatives of the financial sector, formal inflation targeting was inscribed and direct interventions to balance the currency abandoned. But extreme fluctuations in the currency, perhaps the worst in the world, continued with four more major currency collapses over the next decade (Gelb, 2007). In response, the South African Reserve Bank resorted to massive real interest rate hikes, hoping to attract short-term capital. Inflation was largely kept within the Washington Consensus' 3-6% band, earning plaudits for "stability" even as a wildly erratic currency acted as a major deterrent for the foreign investors in whom ANC economists put so much faith. Additionally, real interest rates drove the cost of capital through the roof, putting a handbrake on real sector investment and buoying exchange rates in a way that hurt exporters and encouraged luxury and non-productive imports.

Financialisation refers broadly to the growing size and influence of financial instruments, markets and institutions. Deepening financialisation has been a core trend in the global economy over the last decades, impelled by deregulation, a slowdown in the real economy, mounting consumer debt and technological developments in computing and information. The extensive financialisation in the South African economy is also associated with the historical influence of the MEC, which developed a sophisticated financial infrastructure in the 1980s whilst capital was trapped by strict exchange controls (Ashman, et al, 2011). Deregulation and external opening allowed the financial system to evolve rapidly along lines similar to the parasitic US model – overwhelmingly disposed to consumer and mortgage lending to supplement declining labour incomes, and by and large not geared to productive investment. Finance was the second fastest growing sector in the post-apartheid period, ballooning to appropriate almost a quarter of GDP by 2013 (**Graph 1**). This is part of a restructuring of the entire economy in which non-financial corporations have also integrated deeply into financial markets, often at the expense of real sector activities. The result of these processes, as elsewhere, has been a huge slowdown in real sector investment and the emergence of bubbles, as capital claims profit through speculation.

Graph 1: Financialisation in South Africa

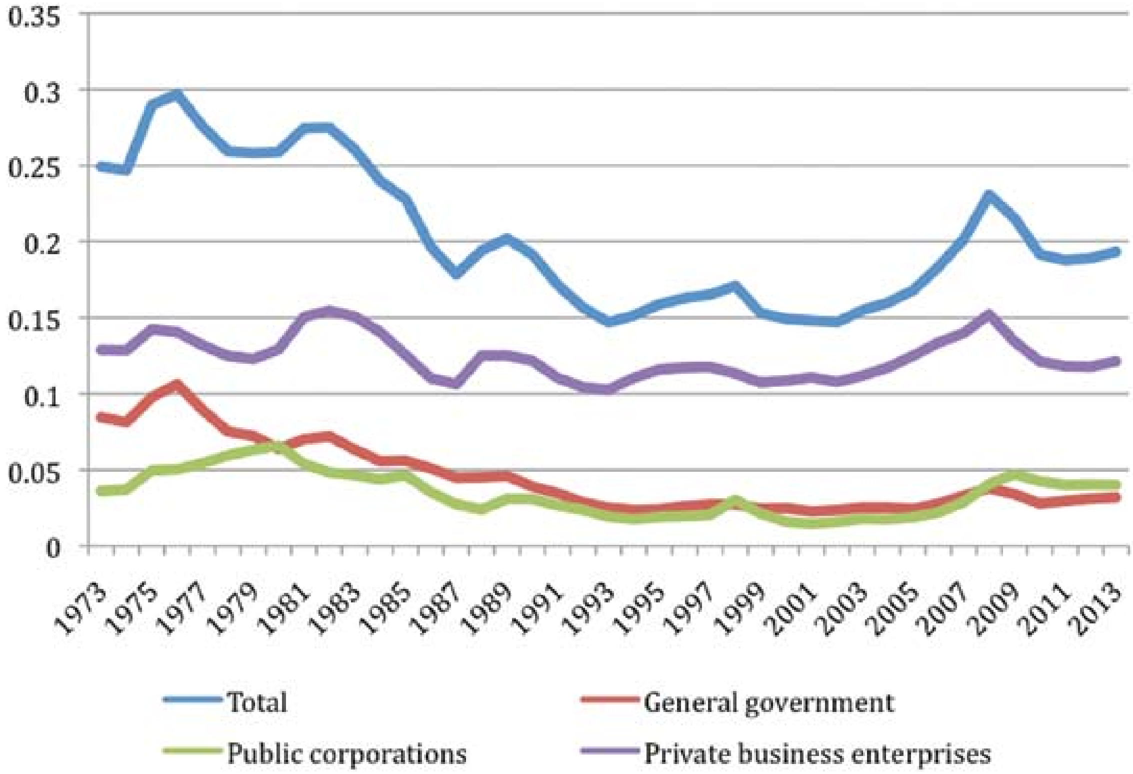


Source: Mohamed (2010)

As well as allowing greater control over macroeconomic and social policy as governments become more subject to market discipline, internationalisation and financialisation have enhanced the power of capital at the level of the firm. With liberalisation, the South African corporate sector experienced all the effects of the "shareholder value revolution" which overthrew any notions of business governance based on long-term value creation or equitable division of wealth, in favour of short-term value boosting concomitant with the creation of a new "super-managerial" class. In this way South Africa strongly resembles the US corporate sector that was a target of Thomas Piketty's sweeping treatise on modern inequality – with staggering levels of executive remuneration seemingly unrelated to productivity, that have generated amongst the highest wage-gaps in the world. Financialisation opens greater avenues of non-productive investment to capital, increasing its effective "mobility" in the same way that globalisation grants it a regional freedom of movement. Labour is now forced to offer a price that makes domestic investment favourable not only compared to cheaper labour regimes abroad, but compared to what financial markets can offer in short-term takings. A decreasing share of value-added has been the price paid by labour's failure to contest this.

Deep financialisation, currency instability, high real interest rates and weak internal demand due to wage stagnation and state austerity together put wind in the sails of capital flight and underpinned a stagnation in investment, which had collapsed during the late 1980s (**Graph 2**).

Graph 2: Investment as a percentage of GDP 1973 - 2013



Source: SARB, author's calculations

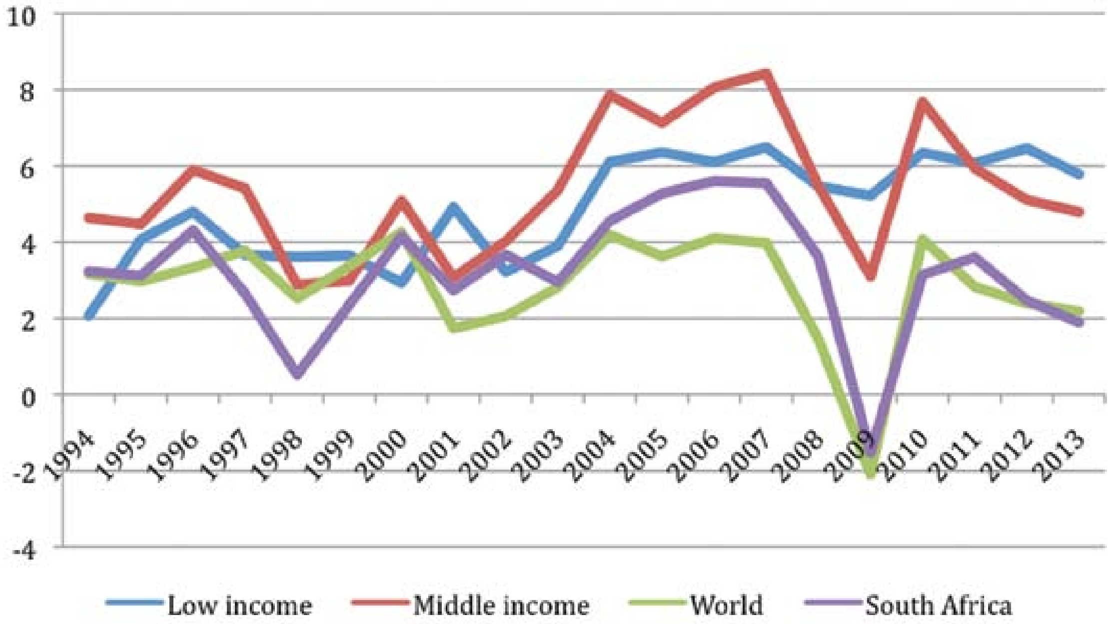
Investment averaged just 15.6% of GDP between 1994 and 2003 and 19.2% between 2004 and 2013 compared to 26.4% in the 1970s. These rates are far below those commonly agreed to be a precondition of rapid growth. The chimera of Foreign Direct Investment (FDI) similarly failed to materialise – overall rates were disappointing and mainly derived from mergers and buyouts with few new greenfield projects (Marais, 2011). Investment experienced a slight peak in 2007 and 2008, in large part related to stadia builds for the 2010 World Cup and government infrastructure related megaprojects, but collapsed again following the crisis, with no recovery in sight.

STAGNATION AND FAILED DIVERSIFICATION

In 2004 the ANC government introduced its Accelerated and Shared Growth Initiative for South Africa (AsgiSA), which was set to guide the next phase of macroeconomic policy. The policy was inspired by Mbeki's thesis of "two economies" in which South Africa is divided into a developed, formal sector, "first world" economy and a large hinterland of informal and survivalist activities. Mbeki's theory ignored the deep interpenetration and mutual reproduction of these two aspects of the South African economy to claim that they were separated by a clear gulf – which required government intervention to provide ladders from backwardness into the "first economy". AsgiSA laid out major infrastructure spends and strategies to encourage small and medium enterprises, particularly in labour-intensive services. The fixation on SMMEs has been a mainstay of ANC economic policy since – featuring at the NDPs hopes for job creation – although smaller enterprises continue to be net destroyers of jobs. On this and every other issue, AsgiSA ignored the structural features of the SA economy, that is, the on-going dependence on MEC sectors, systemic capital flight and parasitic financialisation. Macroeconomic policy was kept on a steady, disastrous course.

Around the time of AsgiSA but unrelated to it, South Africa experienced a short burst of higher growth – caused, in fact, by commodity booms and a spurt in debt driven consumption. On the whole though, given poor levels of investment, growth rates have been disappointing. Between 1994 and 2003 GDP grew by an average of 2.97%, slightly below the world average and almost 1.5% behind Middle Income nations. Between 2004 and 2013 GDP growth in SA averaged just 3.42% while Middle Income nations as a whole grew by 6.36% per year on average (**Graph 3**). Due to the complete removal of protective policies and its fidelity to neoliberal orthodoxy, South Africa was one of the "emerging economies" worst affected by the crisis. A brief recovery was experienced in 2010 and 2011 but since then growth again slipped below the 3% mark and has continued sliding on the back of growing wariness about emerging markets and militant labour struggles. Overall growth remains miserably short of the targets set out in the NDP and provides no hope of solving unemployment with present rates of capital intensity.

Graph 3: GDP Growth, South Africa and the World (1994-2013)



Source: World Bank

In the face of massive capital flight, heightened international competition and continuing constraints to domestic demand – a strong industrial policy was urgently needed to guide diversification and develop the linkages that were historically missing from an extraction oriented MEC. But it is clear that the MEC continued to manifest not simply as an industrial structure but as a political-economic "complex" imparting an influence to accumulation across the economy and compelling state policy. The meagre industrial policy that was actually enacted was drawn to support traditional MEC sectors and extractive based mega-projects. For example, Simon Roberts has shown how the Industrial Development Corporation pursued its historical bias, emphatically favouring MEC-linked industries in its lending (Roberts, 2010). He concurs that, "the poor performance of diversified manufacturing in recent years is the result of the influence of resource related activities over policy and the failure to develop downstream linkages with activities using the intermediate resource-based inputs". According to Ashman, et al (2012) the MEC continues to comprise around 21% of GDP and almost 60% of export revenue. Elsewhere growth was concentrated in sectors like finance, communication, transport and retail – which tended to add few or poor quality jobs. Value added in manufacturing grew considerably slower than the tertiary sector, whilst the mining sector shrunk (**Table 1**).

Table 1: Sectoral share of Gross Value Added 1994 - 2013

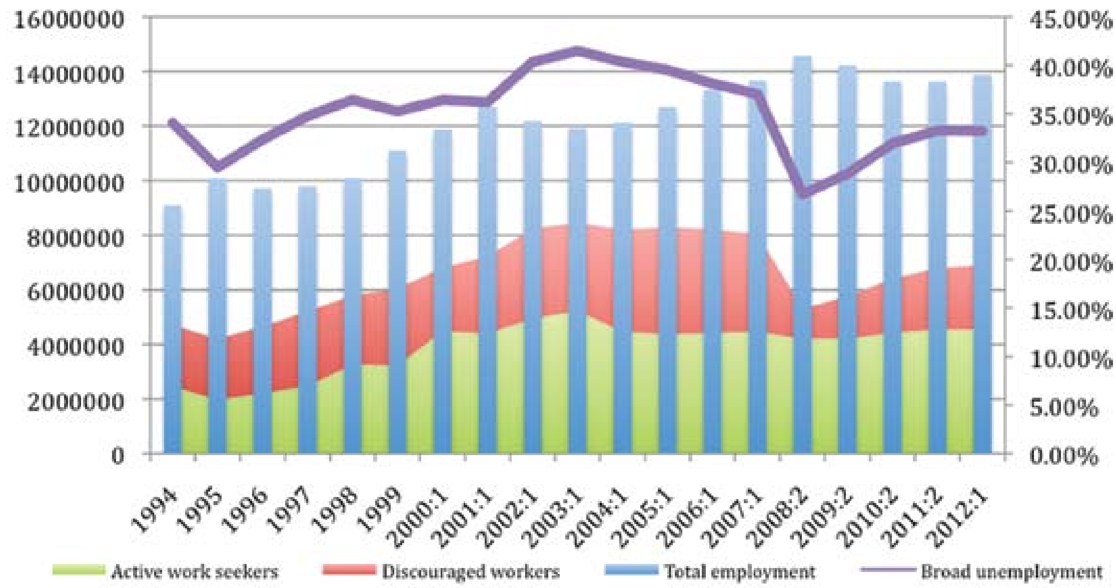
	1994		2003		2013	
	Index	%GVA	Index	%GVA	Index	%GVA
Agriculture, etc.	100	3,4%	109,39	2,8%	131,66	2,4%
Mining and quarrying	100	10,7%	99,20	8,1%	95,09	5,6%
Manufacturing	100	19,0%	125,63	18,3%	162,07	16,9%
Electricity, gas and water	100	2,6%	115,85	2,3%	135,55	1,9%
Construction	100	2,5%	128,13	2,5%	247,04	3,4%
Wholesale and retail trade, catering and accommodation	100	12,8%	139,01	13,6%	200,75	14,0%
Transport, storage and communication	100	7,0%	186,37	9,9%	265,80	10,1%
Finance, insurance, real-estate and business services	100	17,3%	154,69	20,5%	255,09	24,2%
Community, social and personal services	100	25,7%	111,92	22,0%	151,88	21,4%

Source: SARB, author's calculations

EMPLOYMENT IN POST-APARTHEID SOUTH AFRICA

The ANC, in all likelihood, inherited chronic unemployment rates of around 30% from the distorted Apartheid economy, but the neoliberal shock therapy it quickly imposed did everything to worsen the situation. Key job absorbing sectors, such as textiles, collapsed under liberalisation as the removal of tariffs and other protections left firms vulnerable to cheap imports. The restructuring of the agricultural sector towards an export focus involving mechanised production with precarious labour regimes led to the loss of up to 700 000 jobs and perhaps the largest human migration in South Africa's history as tenant workers were evicted between 1988 and 2004. Coupled with cut backs under state austerity, massive layoffs in the gold mining sector as cheap reserves were depleted and rapid growth in entrants to the labour market, particularly black women, broad unemployment climbed rapidly to 41.4% by 2003 (**Graph 4**).

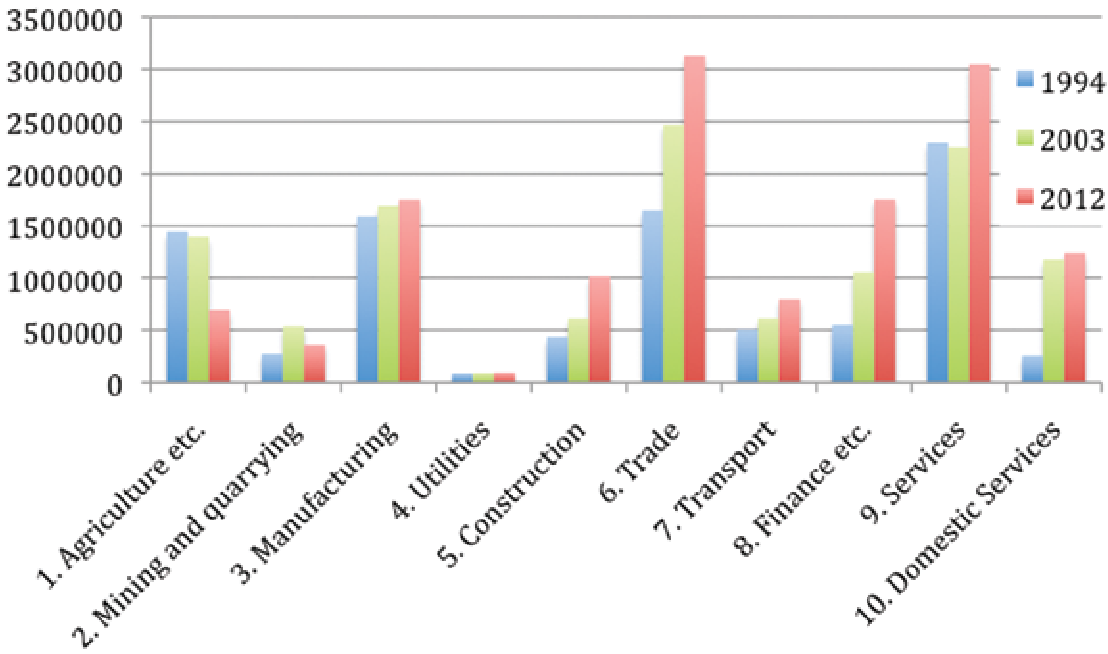
Graph 4: Post-Apartheid employment



Source: PALMS, author's calculations

Graph 5 shows employment between 1994 and 2012 across various sectors. The huge destruction of agricultural work is clearly visible despite 31.66% growth in the value added for the sector. Manufacturing employment only inched up over the 18 year period from 1.59 to 1.75 million jobs. This would be a partial underestimate due to outsourcing – which counts various service jobs under different sectors even though they are part of the manufacturing industry (Tregenna, 2009). The rapid increase in "Finance, etc." employment is linked to this – with the vast majority of jobs accounted for by labour brokered work, particularly in cleaning and security. Construction work did see fairly substantial increases, related to housing and infrastructure booms. Trade, retail and domestic services were the real drivers of employment over the period. From 2003, the service sector also added considerable employment, from 2.26 million to 3.05 million jobs linked to an expansion of the public sector.

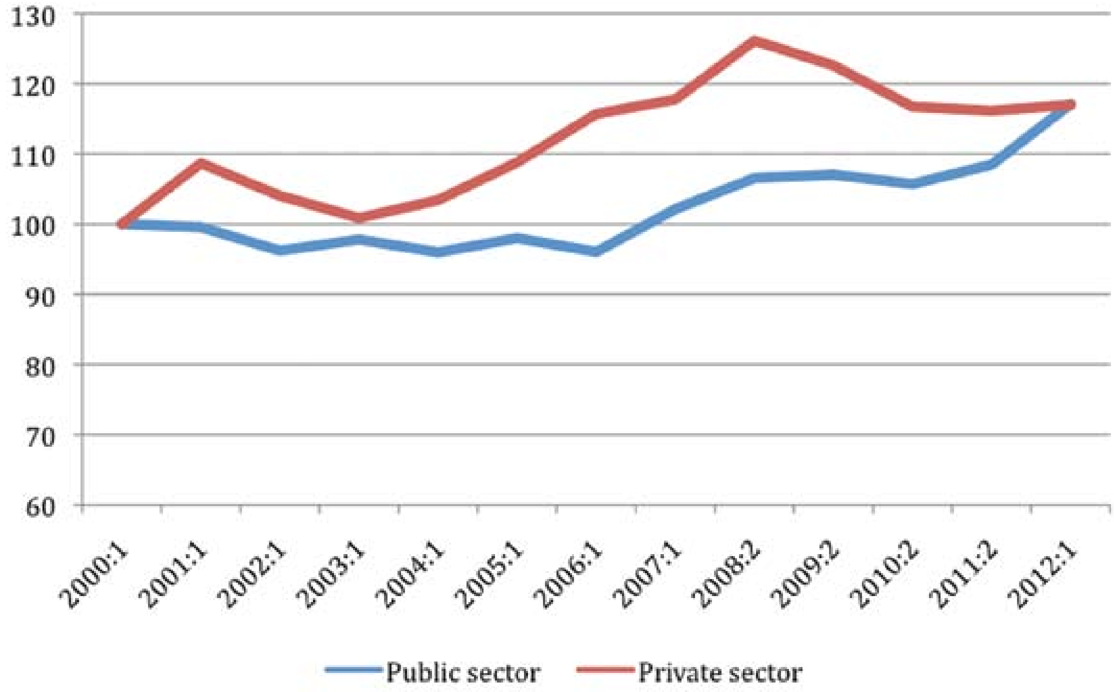
Graph 5: Employment change by sector 1994-2012



Source: PALMS, author's calculations

Overall, employment creation was nowhere near enough to deal with systemic unemployment. From 2003 to 2007, broad unemployment shrank slowly from 41.4 to 37% (**Graph 6**). In the next year, StatsSA revised the way in which it defines "discouraged work seekers", leading to a structural break with broad unemployment recorded as 26.72%. Between the onset of the global crisis in 2008 and mid-2010 South Africa lost more than one million jobs. Unemployment skyrocketed again, to 33.3% by the new measure. An even worse result was only prevented by an increase in state jobs – between 2007 and 2012 public employment grew by almost 15% whilst private sector jobs contracted by 10% after 2008. According to the latest StatsSA figures, South Africa has only just crept above employment levels that prevailed before the crisis struck.

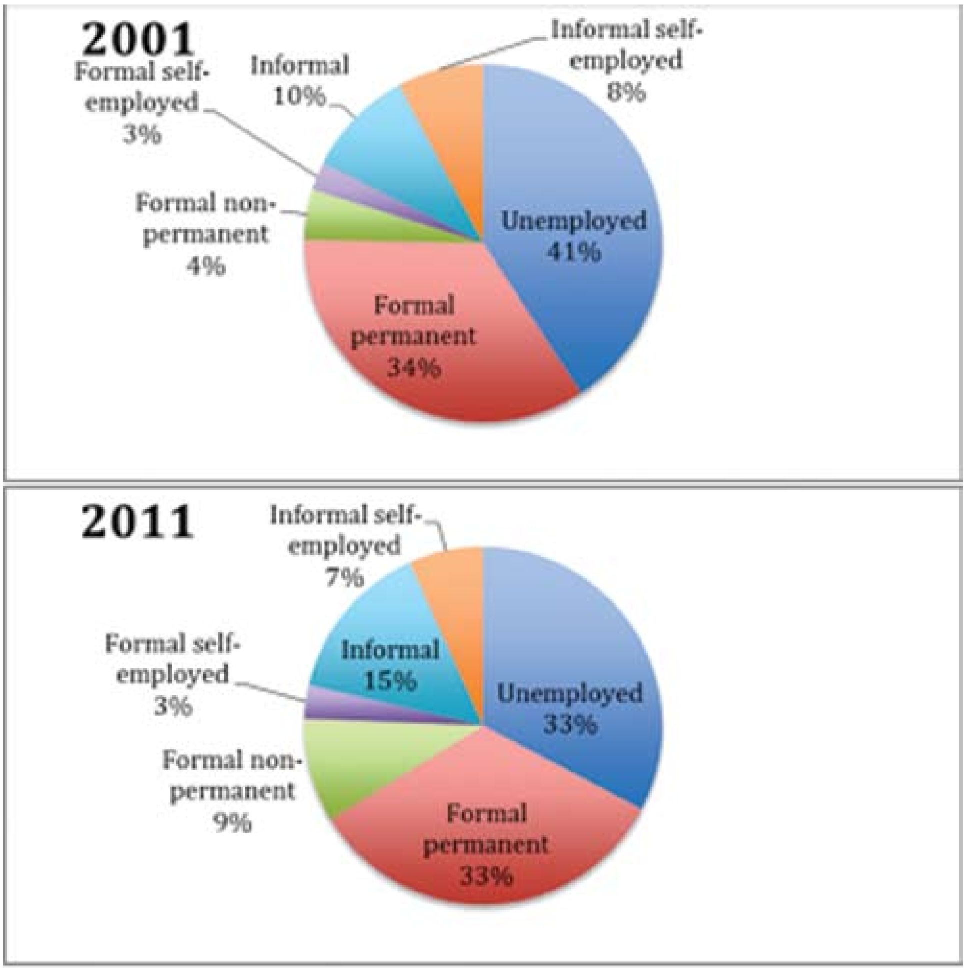
Graph 6: Indexed public and private sector employment '00 – '12 (Base = 2000)



Source: PALMS, author's calculations

Additionally, new employment created was primarily informal and precarious. **Graph 7** depicts the distribution of the South African workforce in 2001 and 2011. Although, according to StatsSA's revised definition, the unemployed percentage of the workforce dropped from 41 to 33%, the proportion of workers engaged in formal sector, permanent work actually dropped from 34 to 33%. Informal employees went from 10 to 15% of the workforce between 2001 and 2011, whilst non-permanent formal work also increased from 4 to 9%. Unemployment in South Africa also remains concentrated amongst the youth and women.

Graph 7: Distribution of the workforce 2001 - 2011



Source: PALMS, author's calculations

WAGES, PRECARIOUSNESS AND THE LABOUR CRISIS

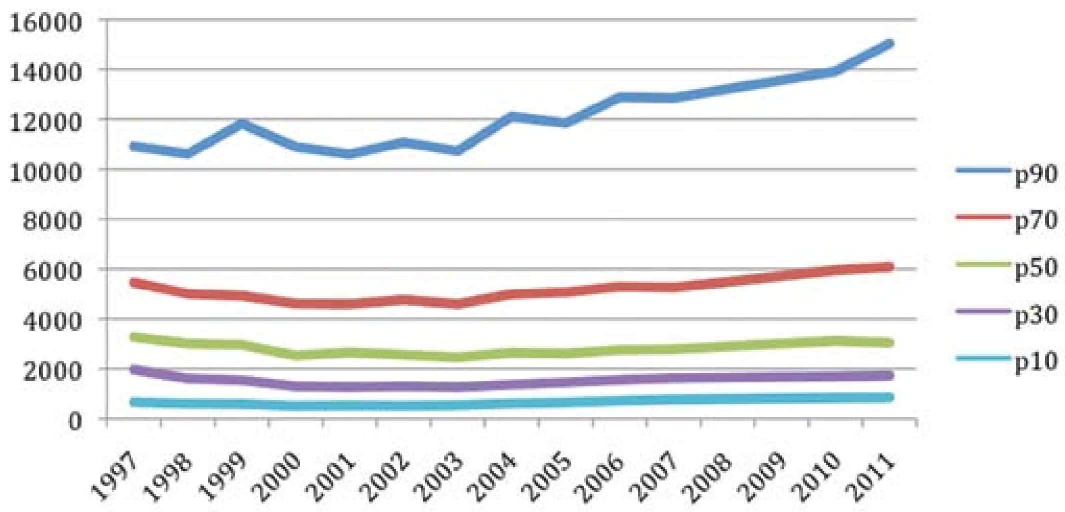
These are the outlines of conceivably the worst unemployment crisis of any "middle income" nation – the price of the democratic government's failure to come to terms with the nature of South African, MEC-based capitalism with an orientation to disinvestment and financialisation. The macroeconomic policies pursued by the ANC government have been disastrous for the working class of South Africa. More than one third of the workforce continues to fill the ranks of its reserve army. Those finding jobs are increasingly likely to be precariously employed – casualised, externalised or under the legal hire of a labour broker. It is often claimed that formal sector workers comprise a privileged layer, distinct from this group and with conflicting interests, but South Africa's labour market is characterised by a huge degree of "churning", another sign of the extreme flexibility that employers have managed to secure (Kingdon and Knight, 2006). Few workers find stable positions with most moving constantly through informality, unemployment and permanent work. Only a lucky minority hold jobs that measure up to ideals of "decent work" in a "first economy" which has been so crucial to the vision of liberation painted by the ANC. They too are affected by precariousness – which divides shopfloors and corrodes worker organisation. Business pundits have claimed that strong unions and the protection of social grants limit competition between the employed and the reserve army – but the evidence contradicts this (Valodia, et al, 2006). In fact the unemployment crisis is deeply functional for the reproduction of the cheap labour system in South Africa. However it may sometimes appear in the sphere of *production*, in the sphere of *reproduction* the working class does not live two separate lives – the burden of unemployment falls sharply on those with jobs who must support large dependency networks that the tokenistic welfare does not care for.

The workers' movement has by and large failed to resist the threat posed by precariousness and the neoliberalisation of the economy. With COSATU's Alliance with the ANC, its orientation has become more towards high-level negotiation than bottom-up struggle. Trade union leaders, who possess the requisite skills and who have been willing to co-operate with the State's imperative of fostering a disciplined workforce, have been offered lucrative jobs in both the public and private sectors. In the latest COSATU survey (2012) 52% of workers said they had seen a shopsteward promoted to a managerial position and former unionists are now common in the executive level of government. A widening "social distance" separates leaders from the rank and file. As a result the workers' movement has lost its strong traditions of worker control and militancy and has become relatively bureaucratised. Marikana, among many other things, was a tragic illustration of this. The difficult strategies to counteract precariousness and adapt to a rapidly changing world of work were not implemented. Unionisation rates in the private sector slipped from 29.2 to 25.86% between 1997 and 2012. Moreover, unions are not representative of the general workforce – they are increasingly dominated by higher skilled, public sector and otherwise privileged workers – over 93% of COSATU members said they held permanent contracts in 2012 (in contrast to 64.25% for the workforce as a whole).

Despite this, a rancorous business media continues to claim that unions are too powerful and are responsible for unemployment by driving the price of labour above what its productivity dictates and interfering with economic policy. We are battered daily with articles that claim that strikes are "bringing the economy to a standstill" and that South African workers surpass all others in their rebelliousness and greed. It may surprise many, therefore, to hear that the latest serious investigation of strike data by economists concluded that, "South Africa is not remarkably different from similar activity in other similar emerging economies" (Bhorat and Tseng, 2014). South African industrial action is neither more common, nor more damaging when it does occur, than other markets – in part a product of the same trends of conservatism in the union movement. Capitalist screeds against unrestrained workers are perhaps better explained by the persistence of Apartheid era norms and sensibilities of labour control. Indeed, if they were true, it would be hard to explain the current labour rebellion engulfing almost all sectors of the economy and throwing COSATU into crisis.

Ultimately the best register of labour's defeat in the post-apartheid period comes from wage data. **Figure 2** shows real monthly earnings trends for all workers by percentile (see also Wittenberg and Pirouz, 2013). A rise in wage inequality, with fanning out at the top half of the distribution and relative stagnation at the bottom, is evident.

Graph 8: Real wages by percentile 1997 – 2011 (2011 Prices)

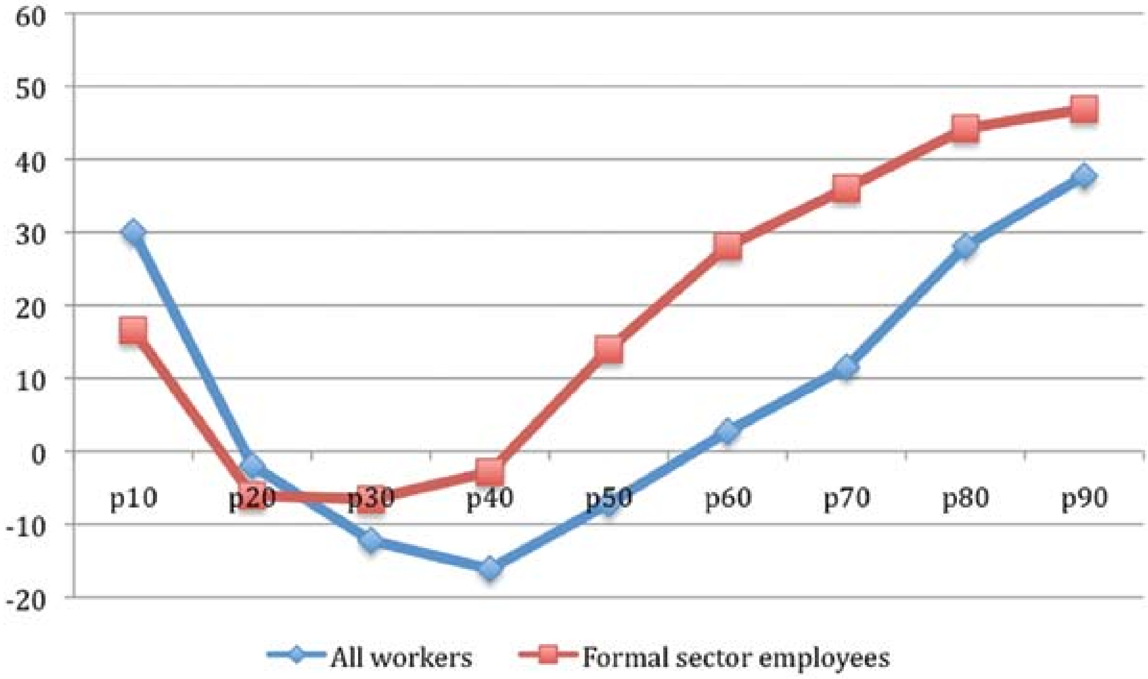


Source: PALMS, author's calculations

The median wage in the economy actually declined from 1997 to a low of R2, 451 in 2003 before recovering to R3, 038 in 2011 (Graph 8). The 30th percentile wage also dropped over the 15 years by just over R200 to R1, 724 per month in 2011. The poorest workers saw a slight convergence with those immediately above them – with the 10th percentile wage rising from R654 to R851 per month, still firmly in the region of poverty wages. The 70th percentile wage also declined notably in the 6 years after 1997 from R5, 457 to R4, 597, thereafter recovering fairly strongly to R6, 084 per month in 2011. By far the largest gains, however, were for the top 10 % of workers, whose wages increased by R4, 115 between 1997 and 2011 to R15, 028. This demonstrates that increases in the average wage level of the economy, commonly cited by anti-labour pundits, have been entirely driven by increases for the top layer of workers. Most workers saw no improvement in real wages between 1997 and 2011.

Graph 9 plots the change in real wages between 1997 and 2011 for 10 percentiles with formal sector employees depicted separately. Both this subset and the employed as a whole, show a distorted u-shape distribution, with gains for the poorest workers, bottoming out at the lower middle part of the distribution and significant fanning out at the top end.

Graph 9: Percentage change in real monthly earnings 1997 – 2011 (2011 prices)

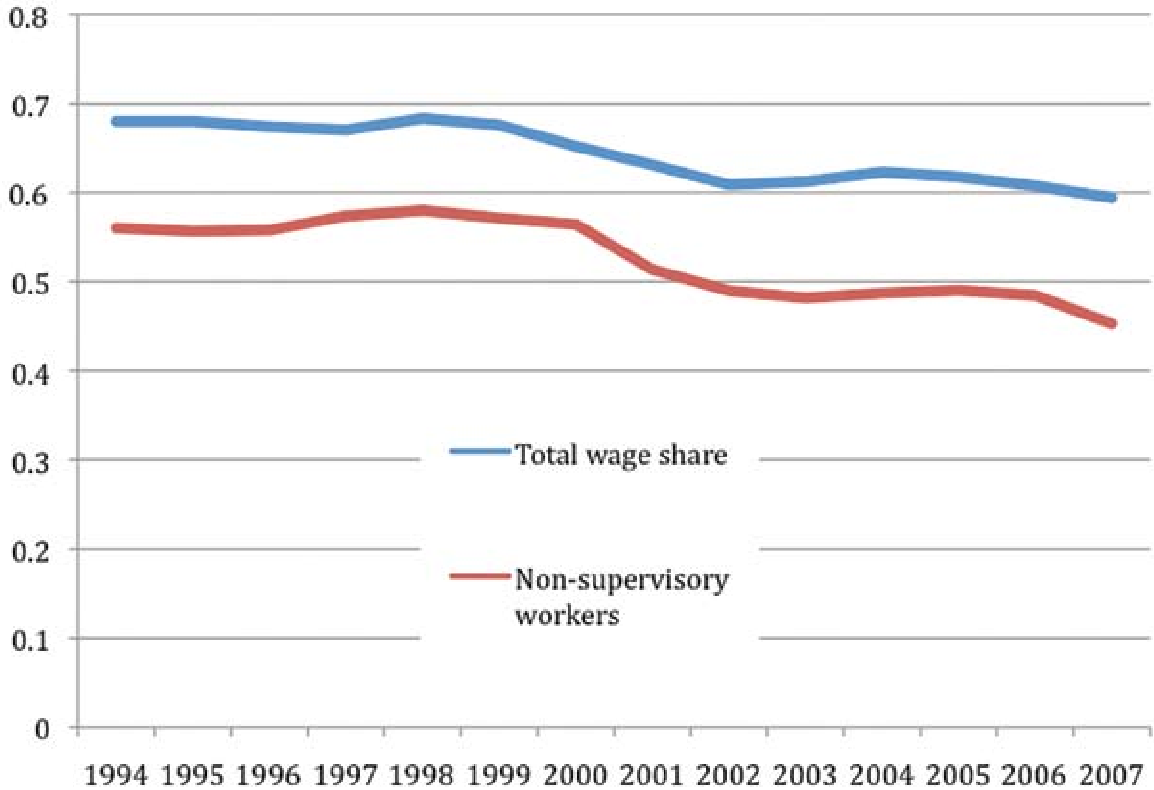


Source: PALMS, author's calculations

Catch-up at the bottom was restricted to the poorest 10%, with even 20th percentile workers in both groups seeing negative earnings growth between 1997 and 2011. The lower middle section of the distribution generally experienced the worst earnings figures, though declines were less for formal sector employees. Formal sector wages diverged more from the earnings of all workers at the top half of the distribution, particularly the 60th and 70th percentiles. From the 60th percentile and up, formal sector wage earners saw fairly strong income growth. This group comprises roughly 30% of the total employed workforce – slightly smaller than the proportion of white-collar jobs. PALMS statistics also show that the average wages of highly skilled and skilled (white-collar) workers grew steadily whilst lower skilled groups experienced declining mean wages. A range of firm and industry level studies also corroborate the finding that high wages are driven by high remuneration for managerial and professional staff (Black and Hasson, 2012). More detailed work stands to be done but all the evidence so far suggests that it is this group that is driving up real average wages and forming a privileged layer.

This wage data throws new light on the labour crisis inaugurated by Marikana and fundamentally impugns the narrative of labour privilege purveyed by business and sections of the state and academe. The wage stagnation that most workers experienced was not the result of slow overall GDP or productivity growth. Although, as mentioned, GDP growth did not match expectations, overall productivity in the economy (output per worker) did increase at a faster rate than average wages, even given steady earnings gains for managerial workers. This meant that the labour share of GDP, in essence the amount of value created in the economy that goes to workers, shrunk consistently. Stripping out the remuneration of managerial employees, who are not properly workers, the labour share shows a decline from 56% in 1994 to 45.3% in 2007 (**Graph 10**).

Graph 10: Labour share of GDP 1994 - 2007



** Adjusted for self-employment*

Source: (Onaran and Galanis 2012), PALMS and author's calculations

CONCLUSION: SOCIAL-CONTRACT OR SOCIAL STRUGGLE?

The obverse of this has been a burgeoning profit share. The economy wide profit rate in the non-financial corporate sector almost doubled from the onset of democracy to 2012, from 7.4% to 13.5%. Post-apartheid economic policy has been hugely beneficial to capital - a number of recent studies have claimed that large South African corporations are the most profitable in the world (Steyn, 2013). On this basis it is easy to see the temptation from some sections to claim that the democratic economy has been an unambiguous success. From a partial standpoint it has, the rationale of the neoliberal programme was to make South Africa a highly competitive site for investment, that engagement in the globalisation bonanza would secure growth and development. There is no better mark for competitiveness than the world beating returns that South Africa offers investors. The breakdown in this vision came with the assumption that capital would use its recording breaking profits for greater investment in productive, job-creating sectors. Instead, with a demand constrained economy and a distorted industrial structure, deregulation and liberalisation only allowed capital full license to pursue its driving imperatives to escape beyond South Africa's borders and divert value to finance and speculation.

Regrettably, the latest articulation of the ANC's social and economic vision reaffirms this mistaken assumption. Like its other sections, the National Development Plan is vague and dissonant on economic policy – but on a close reading reveals the same biases, assumptions and ideologies of the Treasury guided neoliberal economic path (Coleman, 2013). In contrast to the New Growth Path and Industrial Policy Action Plan 2 (ipap2), it sanctions on-going deindustrialisation (manufacturing was slated to shrink to 9% of GDP by 2013) and repeats AsgiSA's misguided faith in the SMME service sector (with over 90% of employment generation expected to come from here). Following revisions by Treasury officials, the end of the document calls for a "social-contract" in which workers agree to accept below productivity increases (meaning further declines in the labour share of GDP) and business agrees to use to resulting boost in profits for employment-creating investment. With remarkable ignorance of recent history, the NDP thus openly commits to the same programme of failed, wage-compression based growth. In the context of a sclerotic global economy the outcome now is likely to be even worse than the last 20 years.

Marikana was an eruption of the central contradictions of post-apartheid political economy described here: the ongoing dominance of an internationalised Minerals-Energy Complex geared to short-term speculative profit making, involved in stripping value from the South African economy through massive giveaways to shareholders based on a commodity boom in which super exploited migrant workers shared nothing, but now linked to the State through a new black corporate-political elite prepared to use the full repressive apparatus to enforce labour discipline. In this way the massacre and its background was a tragic parable of the disappointments of liberation. Well into 2014 the open rebellion that it sparked has yet to dissipate, with the conclusion of the longest-ever strike by South African mineworkers who were followed immediately by 200 000 NUMSA members across the manufacturing industry. It is this, the rising struggle of workers themselves for a better future that promises a fairer, more equal economic system in South Africa.

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“Small Businesses Create Jobs” And Other Myths

By Jan Theron

(This article was published in the *Cape Times* as “Myths about small business and Jobs – Profits and employment”, 16 July 2012.)

The global economic crisis that began in 2008 has given rise to much hand-wringing amongst ruling elites and main-stream commentators. Who would have thought we would hear a Conservative Party Prime Minister in the UK speaking of the “crisis of capitalism”, or promising to “make the market fair as well as free”(Cameron, 2012). We even had our own *Financial Mail* asking “is capitalism dead?” on its cover, if somewhat disingenuously.

It goes to show, you might suppose, that we really have come to the end of an era. That is the era initiated in the 1980s under the Reagan and Thatcher regimes, and associated with policies such as deregulation and privatisation (amongst others) that were supposed to resolve the global economic crisis of the 1970s.

It is therefore curious how many of the measures now being advocated to address the jobs crisis in South Africa could have been made twenty or thirty years ago, and in many cases were.

“Jobs will be created by small and medium businesses”, writes Cyril Ramaphosa, a former trade unionist who now wears different hats, one of which is Chairperson of the National Planning Commission. “For too long we have tended to view large corporations as the central drivers of economic growth…” (*Sunday Times*, 19 February, 2012).

The identical argument first surfaced in South Africa when the PW Botha government was in power: SMEs (small and medium enterprises) create jobs. If only it were possible to create the right regulatory environment for SMEs, they could make a “massive dent” (Ramaphosa’s phrase) in our unemployment figures.

But what is “the right regulatory environment”? A bevy of academics and consultants has devoted itself to this topic, but apart from attitudinal surveys reflecting the perceptions of business people, it has not produced any meaningful empirical evidence of a relationship between regulation and employment. It has also not established a relationship between labour regulation and employment.

Claims that labour regulation is an obstacle to job creation nevertheless persist. An article by Herman Mashaba of the Free Market Foundation, in the same series of articles, is explicit. “The most potent way of improving the hiring capabilities of SMEs would be a drastic reduction in minimum wages and compliance costs involved in hiring and retrenching…” (*Sunday Times*, 18 March 2012). In a similar vein, Ann Bernstein of the Centre for Enterprise Development extols the virtue of low wage manufacturing. In effect it is an argument for deregulation.

Already in the 1990s, in the economic mainstream, there were suggestions that the notion that SMEs create jobs was a myth. A much publicised article in *The Economist* in 1993 cited a Chicago study showing that while small businesses might have created more jobs than large businesses, they also shed jobs more quickly, due to their high rate of attrition. Whatever the merits of the original study, it makes an obvious point. To begin to validate any claims about creating jobs you would need longitudinal data.

The only way to validate the claim that SMEs create jobs, in other words, would be from a historical perspective. You would think the historical record of the last thirty years speaks for itself. Business has had a freer hand to pursue its interests than at any point since World War 1. The outcome has been the unprecedented concentration of economic power in ever fewer, big businesses, and unprecedented levels of unemployment (200 million globally, and rising, according to the International Labour Organisation).

Wages have also been falling. An important reason for this has been that big businesses have restructured their operations so as to minimise the number of people they directly employ, and maximise the number that are employed by intermediaries in "services". These intermediaries are in effect satellites of big business, employing the workers it requires, but for which it does not wish to be accountable. They include contractors and service providers in various guises, including labour brokers. Most of them could be defined as SMEs.

A large proportion of the unskilled labour big business requires is provided by these "services", and the employment of workers in these "services" is by and large unregulated, or ineffectively regulated. There is virtually no regulation of wages, for example, bar those sectors in which there is a sectoral determination. It can hardly be suggested the wage levels set sectoral determinations are onerous. There is in any event a real likelihood that South Africans would not work for less, if Bernstein and others had their way, since social grants for the aged and the disabled are pegged at more or less the same levels.

The restructuring of business operations in order to externalise employment, and in particular the employment of unskilled labour, is the primary way in which the deregulation of the labour market in South Africa has been achieved. Privatisation is the equivalent process in the public sector. I refer to this process as externalisation, because it is broader than is conventionally understood by the term "outsourcing".

The operation of McDonalds SA, of which Ramaphosa (wearing another hat) is chairperson, illustrates the point. Although nominally the SME that has a franchise to operate a McDonald's outlet is a legal entity in its own right, economically it is beholden to the franchisor. In this instance the franchisor is the South African subsidiary of a multinational, which determines the business model according to which this particular SME operates. Accordingly, it also directly or indirectly determines how many jobs the SME is able to create, including in its supply chain.

It makes no sense from a policy perspective to talk of a SME that is to all intents a satellite of big business, and could not exist apart from it, as is the case with a McDonald's franchisee, or a service provider providing unskilled labour to a client, as though it were in fact an economically viable and independent entity on its own. This is one reason why a small business or SME is not and never has been a coherent category.

Although it could be argued that the process of restructuring that has taken place in the 1980s and 1990s was a response to labour regulation, it cannot seriously be contended that regulation has played any role in determining the form it has taken, except insofar as it has facilitated the process, or indirectly. Examples of regulation facilitating the process are the role of intellectual property law, in the case of McDonald's, in protecting the integrity of their brand, and the role of competition law, which is much concerned with horizontal competition but hardly at all with the vertical relationship between a McDonald's franchise and its suppliers, for example.

Labour broking is an example of how regulation has indirectly influenced the process of restructuring. Labour broking grew at an exponential rate in the late 1900s and subsequently, both because of an essentially permissive approach adopted by the LRA (now under review, some fifteen years after the event) and because of the contingent risks for employers that an adverse finding at the CCMA represented. There is also empirical evidence that SMEs were more at risk of an adverse CCMA finding than big business. However this is not to say that there is a direct causal relationship between labour broking and regulation. The role regulation had played in the process of restructuring is a secondary role.

The longevity of the myth that SMEs create jobs is not hard to understand in a context in which ever more power has been concentrated in large corporations, and so many SMEs are satellites of big business. It serves to insulate the public against the harsh but indisputable reality that big business has been shedding jobs over the past decades, and continues to do so. In the case of public companies, it does so with the approval of its shareholders. When Pick 'n Pay announced plans to shed jobs last year, its share price immediately spiked. How could SMEs, operating in the same economic environment, behave differently from large corporations?

The "ghastly reality" (to borrow from PW Botha) is that capitalism does not create jobs, unless there is profit for it in doing so. A small business operating for profit is no different from a big business in this regard. Bobby Godsell, who is also a member of the National Planning Commission, put it more convincingly than I could. "In my several decades in business", he states "I have yet to meet a person who has set out to create employment. The central purpose of business is to provide goods and services to customers in a way that generates profit" (*Sunday Times*, 5 February 2012). To suggest that SMEs could make a "massive dent" in unemployment is not only cloud-cuckoo land. It is a proxy for the neo-liberal policies that have exacerbated the problems we are now facing, both as a country and globally. In essence these are problems inherent in the capitalist system.

From Living Wage To Working Class Counter-Power: Theory, Strategy And Struggle

By Lucien van der Walt

ABSTRACT: Based on a talk given at a Living Wage Conference in Kenya, this article argues that, while statutory minimum wages and other improvements are welcome gains, they are inadequate in an exploiting system based on the rule of the few. It is necessary to pose the more ambitious demand for a 'living wage' set by the working class. This should be developed and enforced as part of a process of building powerful, autonomous, self-managed, politically conscientised and universalist class-struggle movements opposing all forms of oppression. Rejecting 'privilege' theories, this article argues that all sectors of the broad working class benefit from demands and campaigns that secure equal rights, equal treatment and equal wages, against divide-and-rule systems, and in which strikers build alliances with communities and users. A 'living wage' movement of this type should be located in a larger project of building a popular counter-power that can resist, and then topple, ruling class power.

INTRODUCTION

The fight for a 'living wage' is part of the struggle, but is not an end in itself; it should link to broader working-class struggles to build a counter-power that overthrows the existing power structure.[1]

THE WAGE SYSTEM IN CONTEXT

The wage system is at the heart of the subjugation of the broad working class, that is, workers, their families and the unemployed. Not owning any independent means of existence, for example, land or productive machinery or governing power, and access to real decision-making, the working class is compelled to work for wages, in order to survive.

Even those who do not have waged employment are reliant, through family members, on the wages by those who are employed; the unemployed are, above all, unemployed workers. In this sense, the working class are 'wage slaves': unlike slaves bought permanently by masters, the wage slaves must seek out masters and sell themselves, by the hour (Bakunin, [1871] 1993).

Since wages are always below the level of workers' output, workers are exploited through the wage system: they are paid less than the value of what they produce, the surplus value accruing to employers (Kropotkin, [1887] 1970: 71).

These employers are the state, including the state corporations and army, and private employers, especially corporations, but also include small employers. The big employers constitute a ruling class, owners of the state and of capital, including of state capital and the

1. This article is based on a presentation on 'Paying Living Wages: A Reality or Mirage?' given at a colloquium organised by the Kenyan Human Rights Commission (KRC) Consortium with unions and other stakeholders, Panafric Hotel, Nairobi, Kenya, 27-28 November 2014. The article presented here is a slightly revised version of one in the *South African Labour Bulletin,* volume 39, number 2, pp. 35-39.

political and military elite. That is, exploitation is not the sole preserve of private capitalists, but is also undertaken by the upper levels of the state apparatus, the 'bureaucratic aristocracy' (Bakunin, [1873] 1971: 343), including military heads, parliamentarians, and so forth.

Exploitation is closely linked to a larger system of domination economically, culturally, socially, politically by the ruling class, that is, those who control the means of administration, coercion and production over the popular classes as a whole. Besides the working class (broadly understood), the popular classes include the peasantry (the small family farmers, exploited through rent, taxes and monopolies) (for more on the peasantry, see Kropotkin, [1887] 1970: 55).

It is through two pyramid shaped structures that the ruling class – a small minority – has centralised power and wealth in its hands, these being states (centred on state managers: political and military elites) and corporations (centred on private capitalists), which work together. The struggle for higher wages is, in short, a struggle against the ruling class.

MINIMUM WAGE VERSUS A LIVING WAGE

A minimum wage means a legally-enforced wage below which workers cannot be paid. This might apply to specific sectors, for example, farming, or specific jobs, such as teachers. It could also be a national wage level.

It is better to have a minimum wage than not, since it provides a 'floor' below which wages cannot fall. Certainly, employers – state and private – prefer not to pay minimum wages; it limits their power.

But a minimum wage is not the same as a living wage, and the workers' movement should fight for living wages, instead of minimum wages. This distinction has not always been clearly drawn by labour movements (see Cottle, 2014:5), with the 1985 Founding Resolutions of the Congress of South African Trade Unions (COSATU), for example, speaking confusingly about a 'living minimum wage' (COSATU, 1985: 26).

A living wage is a wage upon which working-class people can live with dignity and justice.

A living wage is a wage that meets working-class needs – not just subsistence needs (costs of living) but also larger social and cultural needs, enabling a dignified existence. (These larger needs are not captured in most efforts to provide formulae for calculating a living wage: for an overview of possible calculations, see Cottle, 2014: 2-4).

It should also be set at levels that remove, as far as possible, divisions within the working-class, that is, also helps achieve the political need for working class unity against all forms of oppression. Naturally this all opens the door to escalating demands, but wage levels are profoundly political and their determination is an important area of engagement and mobilisation.

Since these living wage goals bring the working class into direct conflict with the existing social order, the living wage struggle needs to be part of a fight for much more radical changes.
Minimum wages, where they exist, are normally set at the lowest levels of barebones subsistence (food, shelter, clothing and so on) agreeable to employers. In almost all cases, minimum wages are set below the level unions and workers demand (see for example, COSATU, ca. 1990). Given inflation and rising costs, statutory minimum wages fall in real value, allowing employers to effectively cut wages to below basic subsistence.

While workers are constantly told to compare their wages to workers in other countries and sectors, there are no maximum wage settings to limit employer incomes.

TOP-DOWN WAGE SETTING

A large part of the problem with the minimum wage is how it gets set – at the level of affordability to employers (including the state), plus calculation of the most minimal 'basket' of subsistence costs.

Normally the calculation is done in a way that, firstly, underestimates workers' financial needs, and secondly, limits that calculation to the most basic items of subsistence, that is, the lowest possible cost of living.

There is no single way to calculate minimum wages, but the calculations are controlled by states and other employers, who devote extensive full-time resources through, amongst other measures, accountants, lobbyists and negotiators while unions lack this capacity and control.

This is the background against which minimum wages set by governments generally fall below required levels for basic subsistence.

LIVING WAGES, FROM BELOW

A living wage, as outlined here, is something much more radical. Firstly, it involves a much more generous estimate of basic subsistence needs – not just living from hand-to-mouth, steps away from starvation.

Secondly, it recognises that workers' needs are not simply food and shelter. People also have needs that are social (for example, the ability to participate in society, with dignity, without exclusion, without barriers), and cultural (for example, spending time with family, time for enjoyment, time for education and self-improvement).

Minimum wages are currently set narrowly, and primarily in the interests of the employers, that is, they prioritise the needs of the ruling class, which benefits from the exploiting wage system. Biased, top-down calculations by and for the ruling class should be replaced with a wage policy from below: it should instead be the working class that defines the level of the required wages. Rather than rely on state and employer calculations of 'basic' needs, the working class should – through forums, campaigns and movements – set the living wage level that it needs. The early COSATU proposed something along these lines, but has since retreated from this position: the federation would 'establish as soon as possible what workers regard as a minimum living wage', and then 'initiate and conduct – in alliance with other progressive organisations and trade unions in the country – an ongoing national campaign for a legally enforced national minimum living wage for all workers', including through industrial action (COSATU, 1985: 26-27).

The working class should then campaign vigorously for the adoption of this wage level, and impose this in the teeth of ruling class opposition. The situation where wage calculations are restricted to small groups of "experts" both within unions, but, above all, in the state and the corporations must end.

In general, all issues bearing on state and employer policy, including economic and social policy should be approached in this manner, of 'policy-from-below', rather than through corporatism, lobbying and outsourcing to experts (for a fuller discussion of this approach, see van der Walt, 2006: 56-57).

JUSTICE, EQUALITY AND UNITY

Thirdly, the setting of a living wage level also requires consideration of larger issues of equality and justice. Society is not just based around the division between classes, but is also divided within classes, along lines like race, nationality and gender.

These divisions mean, for example, that immigrant workers earn lower wages, in general, than national workers, are concentrated in worse jobs, and face problems that national workers do not face, for example, popular prejudice and police terror against immigrants as immigrants. The same can be said about the situation of working-class women, minorities, rural workers and other categories of vulnerable workers.

'PRIVILEGE' OR OPPRESSION?

This situation of disparities is sometimes misinterpreted as a system of 'privilege' because one group in the working class (for example, national workers) is 'privileged' by being treated somewhat better than another (for example, immigrants). For example, a recent presentation in COSATU came close to speaking of Coloured 'privilege' as a basic obstacle to working class unity in the Western Cape, South Africa (Ehrenreich, 2014).

The problem with the 'privilege' theory, however, is that the inequality between the two harms the interests of the whole working class; it primarily benefits the ruling class, in that it divides the working class, weakens unions, confuses people about where their problems arise, increasing the rates of exploitation. Likewise, ordinary Coloured workers lose out from racial divisions within the working class: it would be difficult to defend the claim that the Coloured working class materially or otherwise benefits from the working class divisions stirred up by a racist past and by contemporary political parties of all hues.

Two groups of workers, for instance, immigrant and local workers get pitted against one other, seeing the other as the enemy. But there is nothing to gain for national workers if immigrants are terrorised by police as immigrants; it is not a 'privilege' to be terrorised at a lower rate.[2]

It is not a 'privilege' for national workers to get slightly higher wages than immigrants, or to be exploited slightly less: on the contrary, this situation forces national workers – themselves already severely exploited and oppressed – into competing for jobs with immigrants by accepting lower wages and more exploitation. This then opens the doors for 'xenophobia', which leaves the ruling class safe, as the working class devours itself.

Therefore, a living wage definition must also ensure equality and justice. The living wage must aim at equal wages, redress for past wrongs, and just and unifying wage levels, as part of fighting against the specific forms of oppression faced along the lines of gender, race and nationality, the fight for equal rights and treatment - a class movement against all oppression, not an individualist politics of 'check your privilege' (for an important early critique of 'privilege' approaches, see Lynd, 1969: 26-30; also see D'Arcy, 2014).

This universalist approach helps bridge the divisions in the working class – thus, the demand for the living wage can help meet the political need to unite the working class, by overcoming

2. There are some deeper shifts at work in the language here: where the traditional left spoke of "oppression" (meaning persistent disadvantage for specific groups) as arising from a larger political economy that most people had an interest in destroying, the language of "privilege" (meaning unearned individual and group benefits due to a place in an identity-based hierarchy) presents society as based on competing interest groups and stresses changes in interpersonal relations (see e.g. D'Arcy, 2014). The 'privilege' approach draws on older notions of a bribed 'labour aristocracy' (Lynd, 1969: 26-30).

myriad forms of division and oppression, with a common struggle and a fight for common and shared conditions and rights.

GLOBALISING FROM BELOW

Effectively winning the same wage levels for all workers in a given sector will remove the downward pressure of the extra-low wages of a sector of workers, unify workers around a common set of demands, elaborated together, and directly challenge the specific problems faced by the most oppressed sections. The struggle itself helps to forge unity and overcome sectionalism.

This same principle needs to be expanded across industries, as a way of removing the same disparities within the economy; across the gap between full-time and casual workers, and the employed and unemployed, as a way of bringing workers into a single labour market with decent conditions; and globalised, as a way of removing the same disparities between countries (see Gallin, 1996: 2-4; also van der Walt, 2001: 18-20).

The demand for a living wage should aim for a universal, and ultimately, international, living wage as part of a project of working class unity. And since the demand for a living wage requires campaigns and actions, this also requires building international solidarity, against divisive politics and ideas.

ALLIANCES BEYOND THE WORKPLACE

Wage levels are, in the final analysis, shaped by the balance of power not the cost of living, the cost of producing the commodity labour power, or labour market conditions (Bekken, 2009: 29). Winning a living wage therefore requires widespread mobilisation and education by the working class, from below.

Without powerful workers' organisation – above all, effective and democratic unions – wage levels cannot improve. Better wages will not arise from appeals to the conscience of employers, or through the law. They rest, ultimately, on punitive actions based on popular organisation, including strikes.

This also requires organising beyond the workplace. Alliances need to be built with other parts of the working class, including those affected by strikes and other actions. To do this, it is essential to link workplace struggles to neighbourhood issues, to strengthen campaigns, otherwise the division between workplace and community will undermine the struggle.

This means raising issues from communities and making them part of strike or campaign demands.

If the electricity workers, for example, strike over wages, this will affect communities. It is necessary to explain what the strike is about, and why communities should support workplace struggles, but it is also necessary that workplace struggles support neighbourhood demands, for example, electricity strikes should include neighbourhood demands, such as the demand for higher wattage connections in working-class neighbourhoods, at lower prices. This also means giving thought to selective strike actions, for example, blacking out elite suburbs, not working-class townships. It also means that higher wages should not be paid for by higher electricity charges, where employers 'rob Peter to pay Paul'.

Actions that destroy facilities, disrupt examinations and services to the working class, lead to industry closures and so these should be avoided.

Strikers have an ethical obligation to the larger working class – but none at all to the ruling class (Ford & Foster, [1912] 1990: 9, 16-17), which they are forced, by their situation, to confront, resist and challenge. Rather, the aim should be to unite the whole working class, and win better conditions for the whole working class and should thus avoid actions which create or entrench divisions.

A LIVING WAGE IS NOT ENOUGH

Finally, it is also essential to remember that wage struggles are inadequate on their own. They are a goal, but not the end goal.

They are essential as they improve the living conditions of people. They develop confidence in the ordinary people's ability to change the world in which they live. If workers are afraid to fight for the most basic things such as enough money to live on, they will never be able to fight for anything more, including changing society into something better.

But better wages are still not enough.

The wage system itself rests on a deep system of social and economic inequality, between the popular and ruling classes, and divisions and oppression by factors like race, gender and nationality. The best wages cannot remove the basic system of class rule and its attendant inequalities.

BUILDING "COUNTER-POWER"

Thus, struggles, including at work should never be reduced to merely wage struggles. They should escalate to include demands for greater control by the working class over the workplace and over working-class neighbourhoods, as well as greater popular class unity.

This means building counter-power; the organised power of the broad working class that is participatory, pluralistic, democratic, and outside and against the state, creating workplace and community/ neighbourhood structures that provide the basis for resistance in the present and lay the organisational basis for a new society.

These are structures that can become the governing power in society, replacing the top-down systems of the state and capital with an egalitarian society of working-class self-management. These include democratic unions and neighbourhood movements – this is not a project of building a political party.

An important historical example is provided by the Spanish anarchist/ syndicalist movement, centred on the massive labour federation, the National Confederation of Labour (CNT, *Confederación Nacional del Trabajo*), and its allied media youth, neighbourhood, rural and political alliances and projects – and its social revolution of 1936-1939 (see, for example, Ealham, 2005; for a consideration of the relevance of anarcho - and revolutionary syndicalism to contemporary labour: van der Walt, 2014).

SELF-ACTIVITY AND AUTONOMY

This project rests on self-activity and autonomy. It means, for example, rather than cooperating with employers to improve productivity through productivity deals, a programme of developing a workers' veto on retrenchments, that is, implementing a refusal to be retrenched.

Building counter-power does not mean cooperation with the state, or the corporations, or running in elections. It is, instead, about relentless struggle against the state and capital, as well as against divisions within the working class, and against all forms of oppression and exploitation, while expanding the role of counter-power in daily life.

Building counter-power means locating all struggles in a larger project to fundamentally change society, by removing the systems of economic and social inequality, and a system of political power, including the state that play a key role in entrenching these systems.

This requires building widespread counter-power that unifies all the sectors of the popular classes, unifies on the basis of justice, equity and struggle, and shifts power from the ruling class to the popular classes, and from the state and the corporations, to the counter-power of the people.

RIGHTS RELY ON POWER

It is an illusion to think that the state can be used to entrench justice, including living wages. All states, without exception, no matter how red their flags, or socialist their slogans, are controlled by minority ruling classes; constitutions are pieces of paper, ignored unless working-class people enforce them through struggles, not litigation.

Even then, the balance of power shapes how laws are interpreted and applied, if at all; so it is only through strength – struggle, autonomy, self-managed counter-power – that anything can be won. It is not through political parties and elections that the state and capital make concessions. 'Working class political parties', enmeshed in the hostile state, have normally proved 'distinct failures': the most important reforms have arisen, instead, as a 'registration' or reflection of the 'direct action' and 'real power' wielded by working classes fighting through their 'own efforts' and mass structures (Ford & Foster, [1912] 1990: 3-4, 20).

Unless the working class and the popular classes build the power to enforce their demands, including wage demands, upon the ruling class, they will never win those demands. The balance of power shapes income distribution, how and where decisions are made, who is rich and who is poor, and who lives, and who dies.

But all victories, even the greatest ones under the existing system, that is, capitalism and the state – are partial. Better wages are continually eroded by issues like rising prices and rising unemployment.

Furthermore, a better paid wage slave is still a wage slave. The deep system and structure of dispossession and minority class rule that forces people into wage labour, has to be uprooted. The highest wage does not remove exploitation; the system cannot operate unless workers are paid less than the value of their production. Exploitation does not have to mean a low wage: it means only that workers are paid less than the value of their production.

The deep class system is also based on a basic disparity of power and wealth, across society, in everything from the running and financing of schools (always worst for the working class) to the structure of the economy (which is why it is possible to have a country with mines producing gold, which has no real use, yet a massive shortage of houses).

Fundamental change means displacing the ruling class from power, through counter-power, implementing a new society, based on participatory and democratic planning of the economy and society. This requires a continual project of struggle, autonomous of the ruling class, including the state, including the parliament and state elections and it requires conscientising the mass of the people on the need for a larger struggle for self-management, the removal of hierarchy, and social and economic equality, that is, a project of revolutionary counter-culture, running alongside and strengthening working-class counter-power.

FROM WAGE STRUGGLES TO SOCIAL TRANSFORMATION

Building counter-power and counter-culture is only possible by engaging with struggles for immediate reforms, including wage struggles.

Through such struggles and not through abstract plans, the mass of people get mobilised; their victories increase their confidence; their defeats teach valuable lessons, including the importance of solidarity and unity, and the common interests of the broad working class. A working class that will not fight to put bread on the table will never manage to fight to completely change society.

The argument that fights for minimum or living wages are too moderate, that struggle must ignore this as a distraction, and proceed straight to 'revolution' (or failing that, to riots and so on), is wrong. Wage battles, like all immediate struggles, are limited, but they are a step on the road to deep changes.

A real change in society will not arise from a simple collection of partial struggles and victories, however 'militant' but preparing for a decisive confrontation – where the accumulation of massive counter-power, infused with counter-culture can permanently displace the existing power structure.

THERE ARE NO SHORT CUTS

There is no short cuts, since this project requires widespread mobilisation and conscientisation; smaller struggles, sometimes emotive, sometimes 'militant,' are valuable, but never enough; there needs to be a quantitative (in terms of numbers and structures) and qualitative (in terms of growing mass confidence, organisation, consciousness and power) change.

This requires careful work, not a leap of faith; the small struggles are the foundation of the great struggle, not a rival, not a substitute, but only a step in the right direction.

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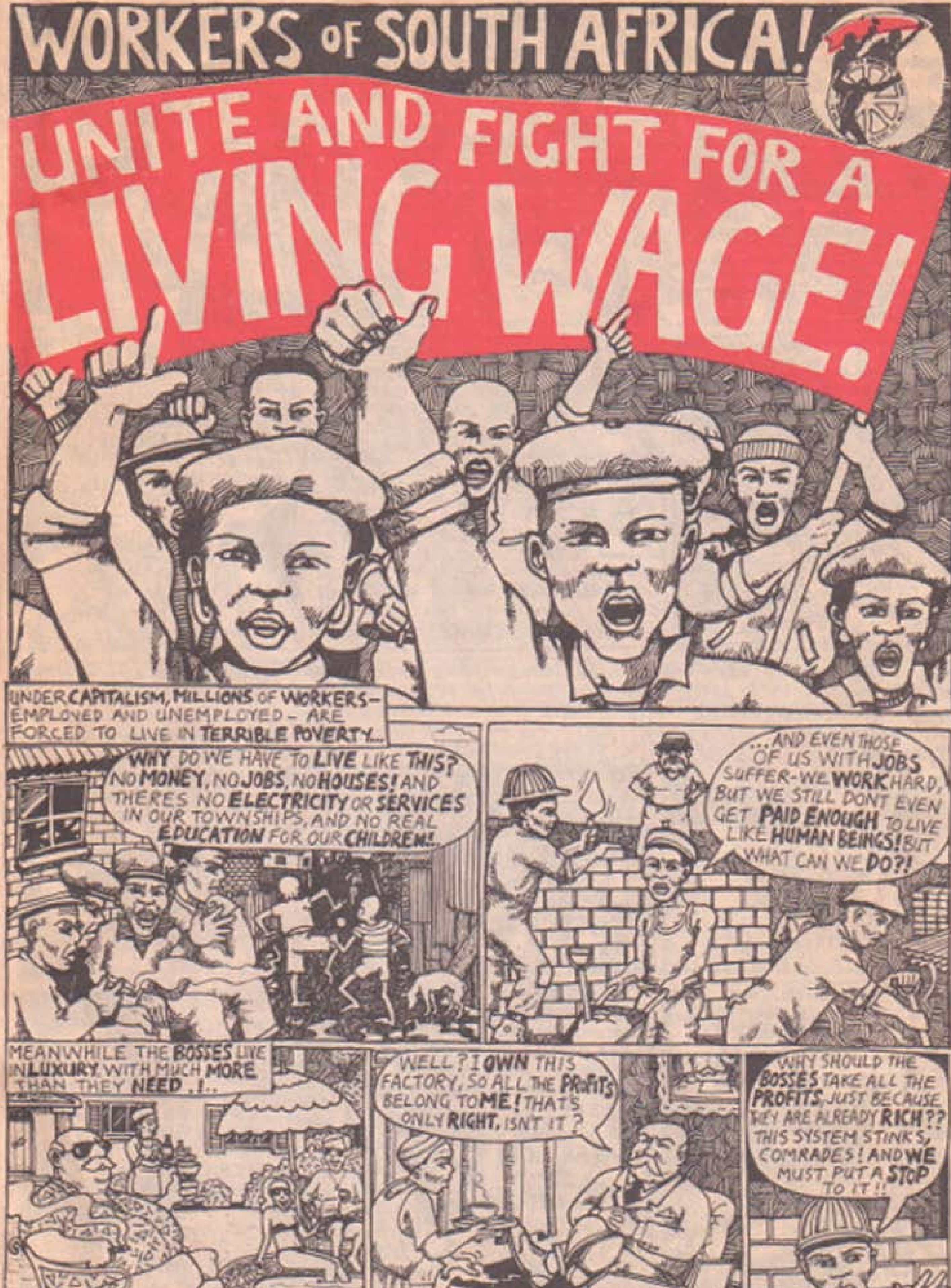
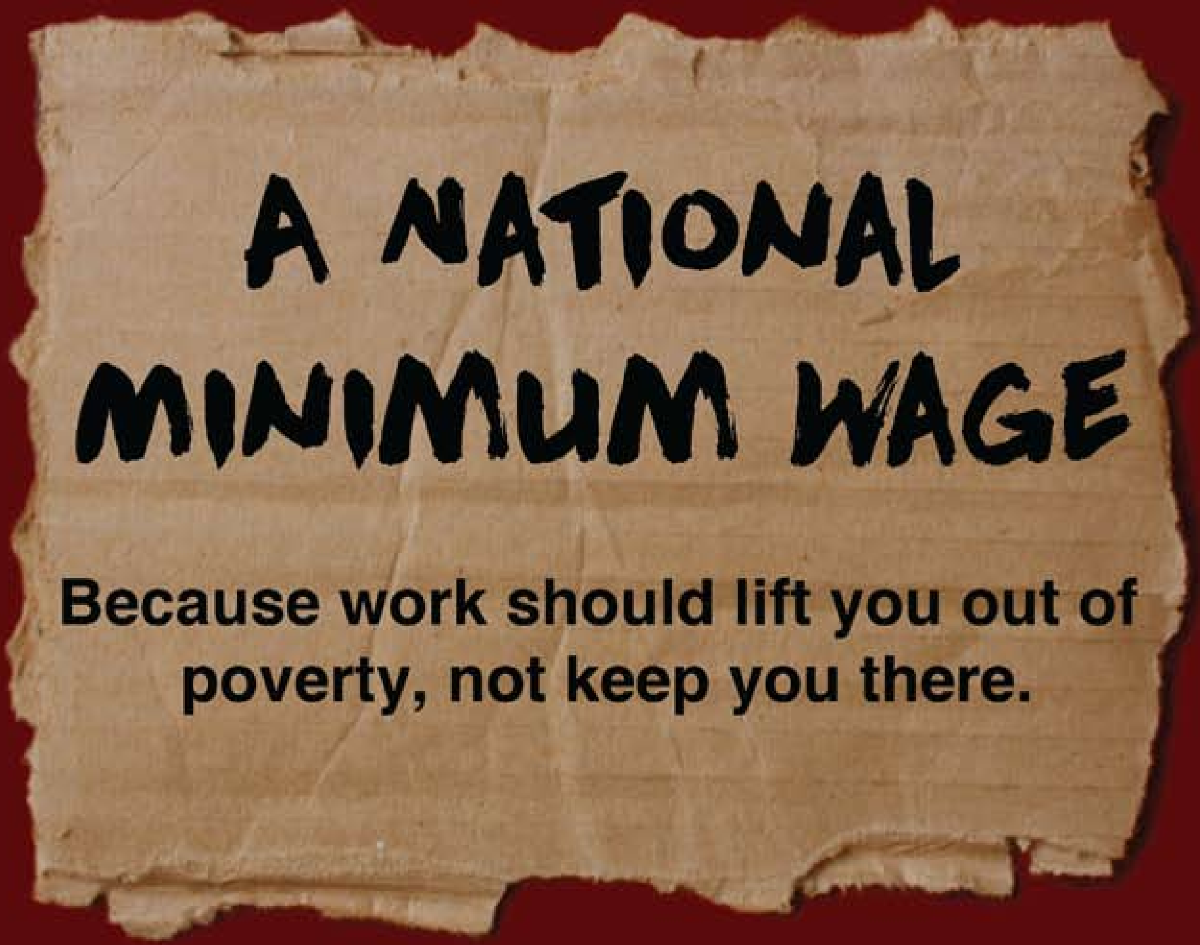


WORKERS OF SOUTH AFRICA!
UNITE AND FIGHT FOR A LIVING WAGE!
UNDER CAPITALISM, MILLIONS OF WORKERS - EMPLOYED AND UNEMPLOYED - ARE FORCED TO LIVE IN TERRIBLE POVERTY...
WHY DO WE HAVE TO LIVE LIKE THIS? NO MONEY, NO JOBS, NO HOUSES! AND THERES NO ELECTRICITY OR SERVICES IN OUR TOWNSHIPS, AND NO REAL EDUCATION FOR OUR CHILDREN!
...AND EVEN THOSE OF US WITH JOBS SUFFER - WE WORK HARD, BUT WE STILL DONT EVEN GET PAID ENOUGH TO LIVE LIKE HUMAN BEINGS! BUT WHAT CAN WE DO?!
MEANWHILE THE BOSSES LIVE IN LUXURY, WITH MUCH MORE THAN THEY NEED.!..
WELL? I OWN THIS FACTORY, SO ALL THE PROFITS BELONG TO ME! THAT'S ONLY RIGHT, ISN'T IT?
IS IT? WHAT'S RIGHT ABOUT IT FOR THE WORKERS?..
WHY SHOULD THE BOSSES TAKE ALL THE PROFITS, JUST BECAUSE THEY ARE ALREADY RICH?? THIS SYSTEM STINKS, COMRADES! AND WE MUST PUT A STOP TO IT!!

LRS
LABOUR RESEARCH SERVICE



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