

Pick n Pay: On your side?



A Report for the Pick n Pay Shop
Steward Alliance
November 2011

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Pick n Pay claims to be on your side. This is one of their logos. The title of this report challenges the assertion that the company is on the side of their workers.

INTRODUCTION

The Pick n Pay Group is one of Africa's largest and currently South Africa's second largest retailer of food, general merchandise and clothing. According to the 2011 company report it has a total of 869 stores, made up of Hypermarkets, Supermarkets and Family Stores (which are franchise stores). It operates in seven African countries outside of South Africa as well as in Australia as Franklins. The Group employs over 49 000 people, and generates an annual turnover of ZAR 52 billion.

Unlike its local competitor Shoprite Checkers, Pick n Pay has been slower in expanding into Africa and in the move towards Centralised Distribution Centres that are becoming the norm for the retail industry globally. This has apparently cost it in market-share and in financial performance. However, according to analysts this is set to change. As Pick n Pay sets up to drive into Africa, it is essential that labour rights, good corporate governance and social responsibility move with it. Unions that have members working in Pick n Pay have joined together to form an alliance to engage with the company towards this end.

Part of the aim is to engage the company on signing a Global Framework Agreement with UNI Global Union to cover both corporate and franchise stores. The process is in the early stages and key to unions engaging with the company is an understanding of the company, its management structure and style, financial performance and attitude to unions. It is also important to know about the unions organising within the company, their density, challenges and victories to successfully draw on these in the campaign for a Global Agreement. The research described here begins the process of exploring both the company and the unions organising therein.

This report outlines the results of the research and identifies the key issues that emerged during the research process. It also makes recommendations for building solidarity between unions on the continent organising in Pick n Pay.

METHODOLOGY

It was decided by UNI Africa and affiliates that an alliance of Pick n Pay shop stewards should engage with Pick n Pay around signing a Global Framework Agreement. Strategic information on the company and on working conditions within the company were collected, collated and analysed in support of this engagement.

Company information was drawn from company documents and press reports in order to assess the company structure, performance and outlook for the coming period.

A questionnaire (Appendix 1) dealing with worker issues was drawn up by the Labour Research Service (LRS) and distributed to participating unions at a meeting of the Shoprite Shop Stewards' Alliance meeting in March 2011. The meeting was chosen as the participants represent the same unions as those organising in Pick n Pay and the meeting provided the opportunity to discuss the project aims with union organisers. The questionnaire was administered by FES offices located in the various African countries together with the union organising at Pick n Pay. Where no FES office was present, UNI Africa corresponded with union affiliates to enable them to complete and submit the questionnaire. The information from this questionnaire was collated by the LRS. A summary of the report was presented at a workshop for union organisers and Pick n Pay shop stewards hosted by UNI Africa in July 2011 which allowed for clarification and correction of the information obtained from the questionnaires.

TABLE 1: AFRICAN UNIONS THAT PARTICIPATED IN THE SURVEY RESEARCH AND JULY 2011 SHOP STEWARD MEETING

Country	Union		Questionnaire Completed
Lesotho	National Union of Commerce, Catering and Allied Workers	NUCCAW	Yes
Mozambique	Sindicato Nacional Dos Empregados De Comercio Seguros E Servicos	SINECOSSE	Part
Namibia	Namibian Food and Allied Workers Union	NAFAU	Yes
South Africa	South African Commercial, Catering and Allied Workers Union	SACCAWU	Yes
Zambia	National Union of Commercial and Industrial Workers	NUCIW	Part
Zimbabwe	Commercial Workers Union of Zimbabwe	CWUZ	Yes

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

Written responses were received from four of the eight countries where Pick n Pay has operations – South Africa, Lesotho, Namibia, and Zimbabwe. At the time of this report, no response has been received from the union in **Swaziland**. There is political upheaval in the country which could be impacting on the union's capacity to participate in the process; however, they are participating in the Shoprite Alliance. Further discovery of the situation will have to be made as, with seven Pick n Pay operations in Swaziland, SCAWU is an important potential partner in the alliance.

The union in **Zambia** reported that since Pick n Pay had only recently begun operations in their country, no union organisation had yet taken place. At the Shop Steward Alliance meeting it was confirmed that the union was now organising at the stores in Zambia and would participate more fully by sending information and also choosing a shop steward representative for the alliance as soon as one was elected. Information on the operations and organising in Zambia was submitted by the representative at the meeting.

Pick n Pay opened a store in **Mozambique** in June 2011. The union there has reported that it is in meetings to secure organising rights and a recognition agreement with the company. Some information on worker numbers was submitted by the union organiser.

The union in **Botswana** was found to be moribund therefore not included in the programme of work. There are currently twelve Pick n Pay operations in Botswana. Various options to assist the unions there are being considered by UNI Global Union.

The sale of Pick n Pay operations in **Australia**, under the Franklins brand, has now been approved by the Australian competition authorities.

Note: Management and the employer may well put off any negotiations on the Global Agreement until the Franklins sale is complete.

The completed responses revealed that union information systems do not capture gender, form of employment breakdown of members, and union density (percentage of workers' organised). This was evident by the gaps in the table on Pick n Pay union membership that was part of the questionnaire.

It was agreed in the July workshop that unions will update this information and attempt to provide the gender and form of employment breakdown of membership by mid- August 2011. In this report the latest figures provided by unions are used.

Note: There is a need to improve the understanding among affiliates of the importance of union information with regards to organising nationally and strategic alliance building between affiliates.

A request was sent to Pick n Pay management for a meeting with the LRS to clarify some issues on employee numbers and geographic spread, as well as to engage more closely on management style and decision making authority (Appendix 9). No response was received for this request.

RESULTS

As stated earlier, the questionnaire was completed by four trade unions from four countries. The results of the questionnaires and later additions from shop stewards are discussed in the categories below:

Trade union rights and Collective Bargaining

The questions posed in the questionnaire:

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

TABLE 2: AFRICAN UNIONS AND PICK N PAY - RECOGNITION AND BARGAINING

Country	Lesotho	Namibia	South Africa	Zimbabwe
Union	NUCCAW	NAFAU	SACCAWU	CWUZ
Recognition Agreement	No	Yes	Yes	No
Bargains with Company	No	Yes	Yes	Yes
Company Resists Unionisation	No	No	No	No
Company Allows Distribution of Information	No	Yes	Yes	Yes
Allows Union To Meet Workers On Premises	NA	Yes	Yes	Yes
Discrimination Against or Intimidation of Union Members	No	No	Not any more	Yes

In Lesotho NUCCAW has only recently organised at the single Pick n Pay operation and are currently preparing to meet with the company regarding both recognition and collective bargaining arrangements. In Zambia and Mozambique the unions are currently negotiating these agreements as stores have only recently been opened. In South Africa, where SACCAWU has been recognised since 1984, the agreement is no longer that of recognition but a relationship agreement, although the relationship is currently a hostile one.

From these responses received it appears that the company does not resist unionisation and allows unions the basic rights to meet workers on the premises and to distribute information to workers without fear of discrimination. However, representatives at the alliance meeting did note that despite company policy, in Zimbabwe branch managers are not allowing shop stewards to meet workers and shop stewards are being victimised. Further, workers who seek to join the union are threatened with transfers.

Note: Branch managers must be monitored to ensure they keep to company policy. Breaches of such policy should be responded to by the whole alliance.

In South Africa, SACCAWU has an Agency Shop agreement with the company where the union can levy non-members as the union negotiates for them. It is now seeking a Closed Shop Agreement where all employees of the bargaining unit joining Pick n Pay will automatically become SACCAWU members. Presentation of this proposal has been made to company as SACCAWU is over 75 per cent represented. The company has not opposed the submission and so the process is underway.

Previously the company denied the union access to their head office and support office operations on the grounds that union activity would be disruptive to administrative work. However, this has changed and now access to recruit and to organise in the offices has been granted.

It was noted that the recognition that SACCAWU receives at the corporate stores does not carry to the franchise stores where SACCAWU must get recognition on an individual store-by-store basis. In Namibia, NAFU represents all the operations – franchise and corporate through a single agreement.

Note: Recognition of the union in all operations – franchise and corporate – through a single recognition agreement should be sought. Lessons from the Namibian example should be drawn on in other regions.

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

Workers' demands

(See Appendix 4 for union prioritisation of workers' demands)

Issues of short-term contracts, flexitime and casualisation came up as the first priority for two of the unions and featured in all the responses. Wages and management style also feature with a fear of retrenchments, health and safety and organisational rights perhaps reflecting the different stages of organisation and engagement in which unions are relating to the company.

Full-time workers

- Casualisation, flexi-time, short-term and contract employment
- Wages
- Management style

Casual workers

- Benefits
- Working hours
- Continuous employment

Responses show slightly different issues are foremost for those working on casual contracts with issues around the basic conditions of employment – working hours and benefits and non-payment of bonuses and pensions highlighted. The most pressing issue was the fact of not being put on permanent contracts at work which makes the threat of unilateral dismissal a very real one. This is particularly pressing in Zimbabwe. Lesotho labour law seems to protect workers better. After four months of work a worker must be converted to permanent status and casuals can apparently be quite easily organised. There are no casual workers at the Pick n Pay in Lesotho. It was noted though that despite the labour legislation in Lesotho, Shoprite has employed casual workers for 10 years without converting their status.

Note: Education and campaign materials on the workers' issues identified need to be collated and made accessible to all the unions so that commonalities can be recognised and solidarity action planned.

TABLE 3: MINIMUM WAGES IN LOCAL CURRENCIES AND WORKING HOURS

Country	Union	Local Currency	Minimum Wage		Average hours of work	
			Full-time (monthly)	Casual (hourly)	Full-time	Casual
Lesotho	NUCCAW	ZAR	1,200			
Namibia	NAFAU	NAD	1,500	6		
South Africa	SACCAWU	ZAR	3,800	17	45	20
Zimbabwe	CWUZ	USD	220		45	45

(See Appendix 5 for union comparisons of Pick n Pay wages and working conditions to other retail stores in their countries.)

The charts below compare the minimum monthly wages converted to USD but also in ZAR as most countries in the sample are comfortable with this conversion. The figures do not indicate purchasing power – a higher wage in one country does not necessarily mean that the worker can afford a better standard of living given the cost of living fluctuations – however, it does give an indication of the variance across operations.

These wages were noted by unions as being the same if not slightly better than at other retail operations in the country although it is noted that the R1, 300 per month in Lesotho is only just above the national minimum and that in Zimbabwe the company refuses to grant any wages increases as workers at Pick n Pay receive slightly more than the national minimum.

FIGURE 1: FULL TIME MONTHLY MINIMUM WAGE (US\$ AND ZAR)

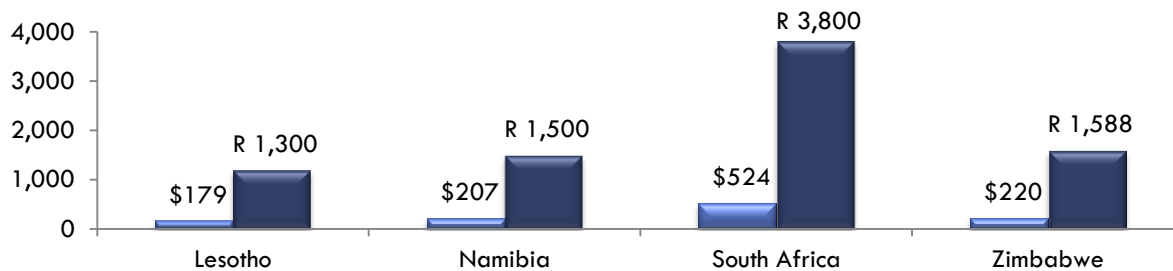
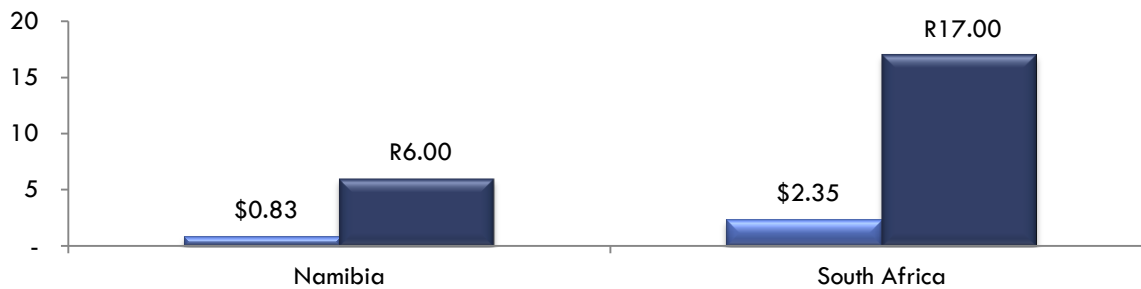


FIGURE 2: CASUAL HOURLY WAGE (US\$ AND ZAR)

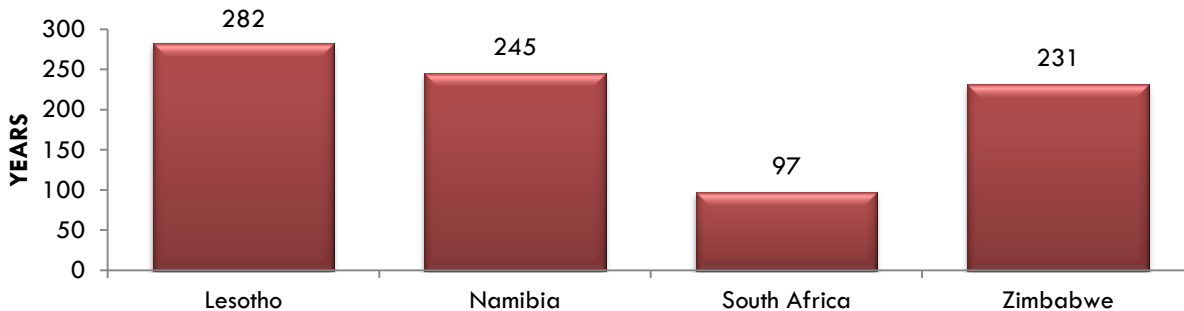


Note: Exchange rates used were as per the year-end of the company at 28 February 2011

Data on casual worker wages was only included by Namibia and South Africa – clearly there is a large disparity between what casual workers are paid in even these two countries of operation. Further information on casual wages and conditions will have to be analysed to get a greater understanding of the conditions of casual and contracted workers so that their concerns and demands can be properly voiced.

South African workers seem to come off the best, earning more than double what workers in the other operations are earning. However, this amount means still means that a worker would need to work for nearly one hundred years to earn the CEOs annual package excluding the value of the shares he sold in the year.

FIGURE 3: THE WAGE GAP AT PICK N PAY 2010 – HOW MANY YEARS FOR A WORKER TO EARN THE CEO’S ANNUAL REMUNERATION?



Industrial action

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

In the last three years there have been three nation-wide strikes in South African operations engaging on issues from racism and the wage gap in 2009 (an issue which remains unresolved), to the call for centralised bargaining in the retail sector which was an industry wide strike and likewise remains unresolved. No other countries have recorded strikes; Namibia in particular noted that there have never been strikes at the Pick n Pay operations. The strikes in South Africa however, cover a wide range of issues that will impact on other operations.

South Africa 2009: The action concerned racism and the closure of Apartheid wage gap. While 87 per cent of workers went on strike and the issue was highlighted, it remains, as far as the union is concerned, unresolved.

South Africa 2010: The first strike in October/November 2010 occurred as workers tired of the deliberate delaying tactics and the disdain shown by the company in wage negotiations which had been unresolved after many months of bargaining. The actions began with a go-slow and stay-away. After two days of failed mediation under the auspices of the CCMA, members decided to go on a strike from 24 September 2010. At stake were wage increases, increased hours of work for Variable Time Employees - VTEs (part-time/casual) and other issues. This increased to a two-week strike from late October to mid-November involving 83 per cent of workers. Over 100 workers were dismissed before a compromise agreement was finally reached. Pick n Pay members also supported SACCAWU’s one day strike in November 2010 demanding the end of the use of labour brokers and the establishment of a Centralised Bargaining Forum for the Retail and Wholesale sector. About 76 per cent of workers were involved although the issue remains unresolved.

Management reported on the strike in the 2011 Annual Report noting that ‘after nine months of wage negotiations we endured a national labour strike over our busiest trading period and subsequently were able to negotiate a three year wage deal with the Union.’ Relations with unions outside of South Africa are not discussed in the annual report.

News reports in the South African press in August 2011 note that unions are on heightened alert after rumours surfaced that UK retailer Tesco was in talks to acquire Pick n Pay. Despite Pick n Pay’s insistence that there was no truth to the speculation, SACCAWU has called for a national boycott of Pick n Pay and a march to the house of its founder, Raymond Ackerman¹.

Note: How can unions in other countries support the unions involved in strikes, particularly when the issues at stake will impact on their own operations in time? What solidarity role can they play and what lessons can they learn for their own industrial action strategies?

¹ BusinessLive, ‘Tesco ‘talks’ make Pick n Pay a target, 26 August 2011

² Who Owns Whom 2011, 479

³ Moorad, Zeenat, Pick n Pay means business with African expansion SAinfo , 8 November 2010

Current strategies to organise

The questions posed to unions about their current strategies with regard to Pick n Pay were:

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

Key challenges noted by unions in their survey responses show a spread of issues from wages to dealing with poor skills training and empowering women in the union. Further, the challenge of organising part-time and casual workers has been noted. This is particularly important in the company as more and more workers are of this category. This was noted in Namibia where permanent employees are routinely replaced with contract and casual workers on their resignation or retirement. Following the issue of organising casual workers is the greater challenge perhaps, of gaining full-time permanent status for these workers

Challenges to organising were noted. In Namibia accomplished shop stewards are routinely promoted to managerial roles and new shop stewards have to be continually trained and capacitated, leading to a drain on resources within the union. It was noted in Zimbabwe that branch managers are not allowing shop stewards to meet workers, and that shop stewards are being victimised.

What has been identified across the board is that there is a need for information sharing, and training for organising, collective bargaining and solidarity actions. (See Appendix 8 for the specific challenges of each country and what the union is doing to meet these challenges).

Strategies for organising range from waiting outside the stores for workers to finish work – more common where operations are new and the union is not yet recognised, as in Lesotho, and the more formal processes noted in Namibia where there are Monday morning forums for workers initiated by both shop stewards and local management. The union is in charge of this forum with management.

As noted above, SACCAWU in South Africa is the majority union in Pick n Pay hand as such has an Agency Shop agreement and is seeking a Closed Shop Agreement. Further, it has managed to sign an agreement extending benefits of full timers to part - timers/casuals.

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

Membership

Of the eight unions organising at Pick n Pay, five provided their total membership. As the Mozambican stores are not yet organised, no union members are recorded. The union with the highest Pick n Pay members is SACCAWU from South Africa with a total of around twenty-five thousand members at Pick n Pay. The union in Lesotho reported 80 members. This should be seen in the context of the number of stores and the number of workers employed in the different countries. Lesotho has one store while South Africa has over 800 operations of Pick n Pay (excluding franchise stores). Although South Africa has the highest number of members at Pick n Pay it is just slightly over 69 per cent organised, the union in Zambia appears to have organised a larger percentage of workers – 100 per cent.

TABLE 4: LEVELS OF ORGANISATION AT PICK N PAY IN AFRICA – FULL-TIME WORKERS

Country	Number of workers at Pick n Pay			Number of Pick n Pay workers belonging to union			Percentage of Pick n Pay workers belonging to union		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Lesotho	56	78	134	30	50	80	53%	64%	60%
Mozambique	108	89	197			0			0%
Namibia			562			379			67%
South Africa			37, 876*			25,000*			69%
Zambia	187	29	216	187	29	216	100%	100%	100%
Zimbabwe			1,738			1, 674			96%

*South Africa numbers include full-time and part-time workers at corporate stores. JAMAFO has 3,500 members at Pick n Pay South Africa

TABLE 5: LEVELS OF ORGANISATION AT PICK N PAY IN AFRICA – CASUAL / PART-TIME WORKERS

Country	Number of workers at Pick n Pay			Number of Pick n Pay workers belonging to union			Percentage of Pick n Pay workers belonging to union		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Lesotho	0	0	0	0	0	0			
Mozambique	ND	ND	ND	ND	ND	ND	ND	ND	ND
Namibia			729			0			0%
South Africa	See above*								

Zambia	ND	ND	ND	ND	ND	ND	ND	ND	ND
Zimbabwe			1,103			0			0%

The unions have very little information relating to both gender and casual and part-time workers. And where they do, these workers do not appear to be organised. According to reports an increasing number of workers at Pick n Pay are now casual and contract workers and it is therefore essential that this information is collected and understood so that the union can organise these workers.

Note: There is a need to improve the information gathering and organising of membership information and to capacitate organisers to understand the value of knowing their membership for organising and building strategies.

Management style

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

TABLE 6: QUESTIONS WHICH EXPLORE PICK N PAY MANAGEMENT STYLE

	Responses by unions		Responses by unions	
Management involves shop stewards in decision making	No		Decisions are made unilaterally by management	Yes (4)
Workers are consulted about operational changes by management	No		Workers are only instructed to carry out changes by management	Yes (4)
Supervision is constructive	Yes (3)		Supervision is oppressive	Yes (1)
Workers are appreciated as contributors to Pick n Pay	No		Workers are seen as a cost by Pick n Pay	Yes (4) responses
Workers are treated with respect	Yes (1)		Workers are treated in a disrespectful manner	Yes (3)
Management is not racist	Yes (3)		Management is racist	Yes (1)
Management is not sexist	Yes (3)		Management is sexist	Yes (1)

Responses indicate a perception of management that views labour as a cost to the business and therefore not be consulted or involved in decision-making. This is further evidenced in the motivation for retrenchments in South Africa, covered later in the report. Management is further seen as disrespectful of workers although supervision, which is generally handled by union members, is seen only in Lesotho as oppressive rather than constructive. It was also noted that the respect with which workers were treated in one case was only as required by the stated company values, not real respect.

Outside of South Africa management is seen as less racist and sexist than within the country but this may be based on the make-up of local management. It seems also that SACCAWU is addressing the issues of group management style when it views it as both racist and sexist noting that there are only two black directors at Pick n Pay and the lack of female representation at management level.

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

Solidarity

The questions posed to unions regarding continental solidarity were:

- Are they prepared to work with unions organising in Pick n Pay in other countries?
- What should the focus of this work be?
- How will this benefit your union?
- What recommendations do they have for building solidarity between workers in Pick n Pay on the continent?

All the unions involved in the questionnaire process and the further representatives at the alliance meeting strongly support the need for a regional network of unions organising in Pick n Pay.

On the key theme of solidarity with other unions engaging with the company and in the sector the need to **share information** on collective bargaining, the content of agreements and the **skills** of negotiation was highlighted as vital in the move towards a **harmonisation of conditions of service**. Further it was highlighted that workers need to be brought closer to their own union structures through training and education on their rights, benefits and the role and aims of the union.

The benefits of this sharing for the national union would be felt in increased membership and visibility of the unions and a minimising of exploitation by the company.

They felt that the alliance between unions organising in Pick n Pay should embark on the following:

- Strengthen the alliance by establishing a coordinating team for the network
- Training for the alliance representatives to be continued to all workers within Pick n Pay so that they too understand the importance of solidarity
- Establishment of a website for the alliance

The participation of the workers was analysed in conjunction with company information from company documents and media reports in order to identify key issues and recommendations for the alliance. A report from company documentation follows.

COMPANY INFORMATION

The South African food market is worth R281 billion with the retail sector contributing 14 per cent to the GDP. The big players in 2010 / 2011 were the Shoprite, Checkers, OK, U- Save and Sentra group, Pick n Pay together with Boxer SA, Spar group and Woolworths.

TABLE 7: SOUTH AFRICAN RETAIL MNC COMPETITORS

Company Name	MCap @ 1 June 2011	2010 Revenue	2010 Profit before Tax
Shoprite Checkers*	R54,608,816,140	R67,402,440,000	R3,399,088,000
Massmart	R28,588,397,816	R47,451,000,000	R1,820,000,000
Woolworths	R24,870,593,204	R23,663,000,000	R1,759,000,000
Pick n Pay	R20,378,454,356	R49,323,800,000 (2011 – R52,216,700,000)	R1,812,000,000 (2011 – R1,356,100,000)
Spar Group	R15,903,365,130	R35,159,600,000	R1,307,400,000

Shoprite Checkers is the biggest of the group in terms of both market capitalisation, turnover and geographic spread trading in Angola, Botswana, Ghana, Lesotho, Madagascar, Nigeria, Zambia, Namibia, Zimbabwe, Uganda, Tanzania, Swaziland, Mozambique, Mauritius and Malawi. This dominance though is set to be challenged with the arrival Wal-Mart in Africa.

Pick n Pay was founded in 1967 as a family controlled business with four stores in the Western Cape. It listed on the Johannesburg Stock Exchange the following year. The group comprises trading subsidiaries which retail food, clothing and general merchandise throughout Southern Africa and until 2011, New South Wales, Australia, both on an owned and franchise basis. Property subsidiaries acquire and, on occasion, develop retail trading sites.²

Pick n Pay Operating Segments

- **PICK N PAY** – all retail operations, retailing food, clothing, general merchandise, pharmaceuticals and liquor under the Pick n Pay brand throughout southern Africa.
- **BOXER** – all retail operations, retailing food, general merchandise and liquor in southern Africa under the Boxer brand.
- **PICK N PAY INSURANCE CELL CAPTIVE** – the insurance cell captive provides insurance services, from insurance cover to claims maintenance for Group entities.
- **TM (Zimbabwe only)** – food and general merchandise. Africa's second largest food retailer, Pick n Pay, announced its second foray into Africa in two weeks. 2010 bought 24% of Zimbabwe operation TM Supermarkets, bringing its total shareholding to 49%. The TM Chain is controlled by Meikles Limited and is the largest chain of retail stores in Zimbabwe by number of stores, with 51 retail outlets. At the time of this report (November 2011) the bid for the increased stake in TM was under consideration by Zimbabwe's Competition and Tariff Commission.

The group exited Score Supermarkets in 2009-2010 year and is in the process of selling Franklins in Australia.

- **SCORE** – all retail operations, retailing goods and services under the Score brand.
- **FRANKLINS** – retail operation retailing food and general merchandise in New South Wales, Australia. Sale confirmed 25 August 2011.

Store Format

Corporate stores – Hypermarkets, supermarkets, liquor (corporate and franchise), pharmacy (in-store and stand-alone)

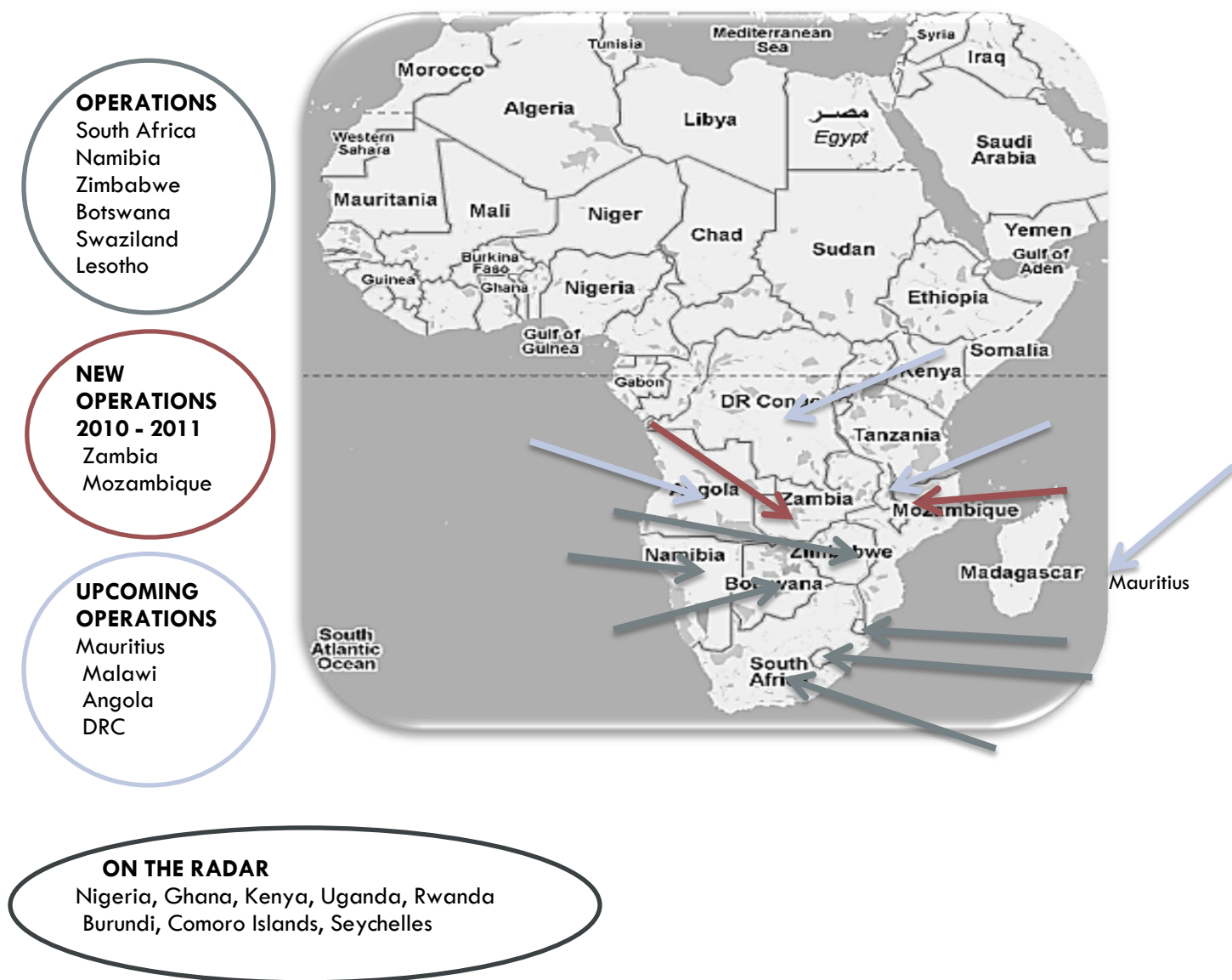
Franchise stores - Pick n Pay Family Supermarkets, Pick n Pay Express, Pick n Pay Liquor, and Pick n Pay clothing Southern Africa. Pick n Pay family convenience stores/supermarkets have been in operation in South Africa since the early 1990s.

² Who Owns Whom 2011, 479

FIGURE 4: PICK N PAY GEOGRAPHIC SPREAD - AFRICA

Geographic Spread

Pick n Pay currently has operations in seven African countries outside of South Africa. Details of the location of Pick n Pay stores across the continent are poorly disclosed in the company documentation with no indication of how many stores are in each country or even which countries precisely Pick n Pay operates in. The reporting is poor particularly when compared to that of other companies within the sector which produce detailed breakdowns of their operations across the continent. Much of the information on Pick n Pay operations in Africa has therefore been filtered from news³ reports in October and November 2010 as well as being gathered from union organisers.



Company documentation at the year-end (February 2011) notes 869 stores (500 corporate, 379 franchise), excluding in-store pharmacies and a 25% investment in TM in Zimbabwe (51 stores).⁴ Among SA's big retailers, Pick n Pay has the smallest portfolio outside of South Africa. The group currently operates one store in Zambia, seventeen stores in Namibia, twelve in Botswana, seven in Swaziland and one in Lesotho, two in Zambia and one in Mozambique; together with its fifty-one-store network with TM in Zimbabwe. In October 2010 the company bought 24 per cent of Zimbabwe operation TM Supermarkets, bringing its total shareholding to 49 per cent, the maximum foreign ownership allowed under Zimbabwean law.

³ Moorad, Zeenat, Pick n Pay means business with African expansion SAinfo , 8 November 2010

⁴ Pick n Pay Annual Report, 2011

Store Formats and Locations

TABLE 8: PICK N PAY OPERATIONS AND LOCATIONS 2011

Pick n Pay Hyper	Pick n Pay Supermarket	Pick n Pay Express	Pick n Pay Liquor	Pick n Pay Pharmacy	Pick n Pay Clothing	Boxer	Franklins	TM	Total at July 2011					
Corporate	Corporate	Franchise	Franchise	Corporate	Franchise	Stand-alone	In-store	Corporate	Franchise	Corporate	Corporate	Franchise	Corporate	
20	160	285	8	83	66	1	18	47	10	109	80	10	51	949

South Africa	Botswana	Lesotho	Mozambique	Namibia	Swaziland	Zambia	Zimbabwe	Australia	Total at July 2011
766	12	1	1	18	8	2	51	90	949

Contribution to group revenue by geography: Southern Africa – 88.27%, Australia – 11.73%

Note: Management of the company should be challenged to produce detailed figures of the current operations on the continent as well as the locations of operations planned and under construction in order to assist unions in organising workers at these operations.

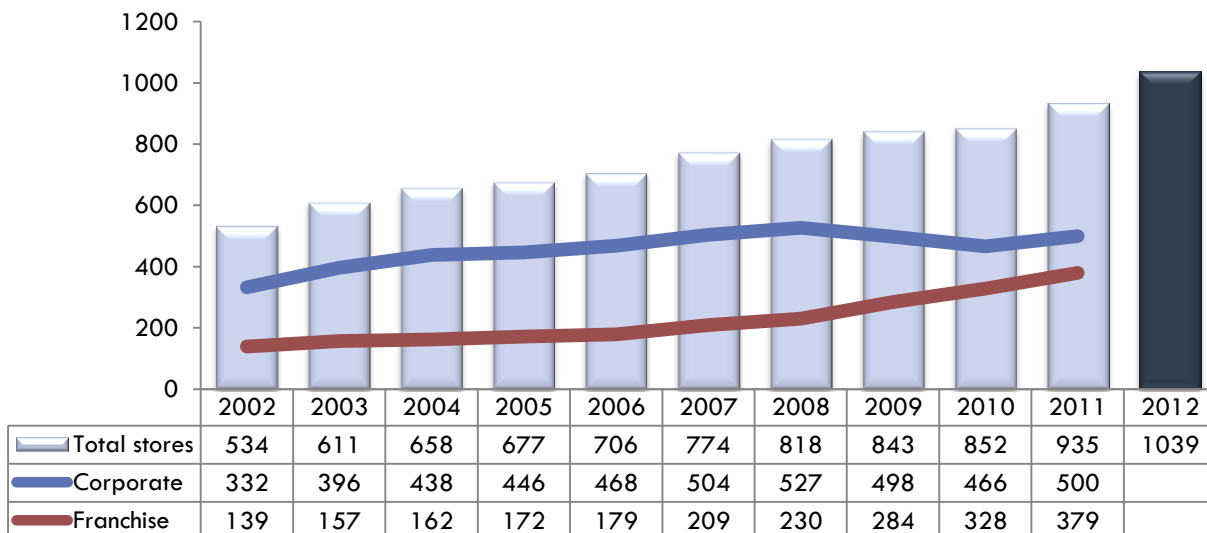
NEW OPERATIONS

Mozambique - October 2010 - Pick n Pay signed a franchise territorial agreement with retail franchising group Retail Masters in Mozambique. The group's first Mozambican store opened in Maputo in June 2011. It is a so-called joint-venture store with local owners. The group said it envisages opening a further three stores before the end of 2011. The first four stores will open in the greater Maputo district.

Swaziland - March 2011 - E15 million invested towards the newly opened shop at the River Stone Mall in Manzini. E8 million in fixed assets and E7 million in capital expenditure for the new venture. A total of 120 new staff has been recruited.

Zambia – February 2011 - Two stores, one opened in the year under review, and one in February 2011. Three more stores in Zambia planned in the year to February 2012. Lusaka is the most likely growth centre with up to 19 shops expected in time.

FIGURE 5: STORE GROWTH AT PICK N PAY OPERATIONS 2002 - 2012



EXPANSION PLANS

Pick n Pay management has said it would move forward with its expansion into Africa in 2011/2012. The group plans to open three more stores in Zambia during the next year, and also **plans to open stores in Malawi, Mauritius and Angola**. In total 104 new stores are planned for 2011/2012. A news report in August 2011 notes two stores are about to open for business in Mauritius and the stores in Malawi and DRC will open by the end of 2012. Angola is apparently next with the West African states of Nigeria and Ghana and Kenya, Tanzania, Uganda, Rwanda and Burundi in East Africa listed as "on the radar" with further plans off-shore in the Comoros Islands and the Seychelles⁵. Following the six months to August 2011 results announcement, the company disclosed that in the six months to February 2012 it planned to open nine new supermarkets, (six corporate and three franchise), 12 liquor stores, six clothing stores, nine Boxer and three Punch stores. The company would also open two more stores in Zambia, one in Mozambique and two in Mauritius as well as seeking approval from the Zimbabwean Indigenisation Board to purchase an additional 24% of TM Supermarkets to take their stake to 49%.

STRATEGY FOR EXPANSION

Corporate and Franchise Pick n Pay's strategy into Africa has mainly been through partnering with locals and the franchise route, where locals own the franchise. However, there are instances such as with its first store in Zambia, where the company has developed more corporate-owned stores. The strategy of opening both corporate and franchise stores is set to continue with the expansion of the company.

Centralised Distribution System Pick n Pay's expansion into Africa is predicted to be easier now that the retailer has established a centralised distribution system. However, recent reports state that the system and the IT to support it are not yet fully functional. The company was the last of the country's big grocers to roll out centralised distribution when it opened an expanded warehouse in Longmeadow in July 2010. Already very commonly used overseas, organising supply chain through central distribution means that suppliers deliver to distribution warehouses, where the company then distributes goods delivered to individual stores. It allows for more careful monitoring of individual operational stocks from a central system and apparently more strategic logistics. Reports note that funds released from the sale of Franklins will be used to complete this process.

Company Structure Ownership and Control

Controlling interest in Pick n Pay Stores is held by the founding Ackerman Family through Pick n Pay Holdings Ltd which holds 53 per cent of shares in Pick n Pay Stores Ltd. Note that the Ackerman family is well represented on the board of the company, including holding the position of chair (see below).

TABLE 9: SHAREHOLDING IN PICK N PAY STORES LTD

Shareholder	Percentage Owned at year-end 2011
Pick n Pay Holdings Limited	53.6
Government Employees Pension Fund	10.2
Liberty Life Assurance of Africa Ltd	1.7
Sanlam	1.0

Shareholding in Pick n Pay Holdings Limited

Shareholder	Percentage Owned at year-end 2011
Ackerman Family Trust	48.3
Investec Opportunity Fund	2.2
Pick n Pay Employee Share Trust	1.7
Nedgroup Investments Value Fund	1.1
Liberty Group	1.0
Symmetry Inflation Plus Fund No.	1.0
The Mistral Trust (Ackerman family)	1.0

⁵ Financial Mail, 'Room to Grow', 25 August 2011

Note: The Shop steward Alliance needs to consider the implications of such a centrally held company, where the power for decision-making lies and in whose interest those decisions are made.

Control⁶

The Ackerman Family Trust owns 48.3 per cent of Pick n Pay Holdings which holds 53.6 per cent of the Pick n Pay Stores (the operational company). It is understood that, should the need arise, the Pick n Pay employee share trust would act in concert with The Ackerman Family Trust giving the founding family, the Ackermans, 50 per cent of Pick n Pay Holdings which approves board appointments, can hold off or approve take-over bids and block votes by minority shareholders. (The chairman of Pick n Pay states for the record that 'family entities have greater than 50 of Pick n Pay Holdings and the family is not dependent on the Pick n Pay Share Trust to vote in its favour for any issue requiring a simple majority). The power of the family in this regard has been witnessed in its attitude to unfavourable shareholder questions at the last two AGMs. In both cases, questions by shareholders challenging the governance of the company by the board were dismissed without satisfactory explanation for issues concerning the pay of the chairman and expenses relating to the holding company.^{7,8} While pressure to collapse the structure continues, it will not change until the Ackermans decided to step back.

Note: The Government Employee Pension Fund, which includes South African union members on the board of trustees, is the second largest shareholder in Pick n Pay Stores. Can these trustees be engaged in any way to assist in challenging the current corporate governance of the company?

Franchise stores

The issue of control is made more complicated by the large number of franchise arrangements that Pick n Pay has engaged in over the years. How much managerial control the company exercises over these operations impacts on its willingness to affect working conditions and wages. Its chosen stance of distancing itself from the management structures of franchise operations also impacts on the ability of unions to organise there and negotiate wages. This was illustrated in the battle over South African Score stores in 2007⁹. Trade union representatives formally opposed a black economic empowerment (BEE) plan to franchise supermarkets in Pick 'n Pay Stores' loss making Score chain. The retailer said it intended to rebrand and franchise a significant number of outlets in the 127-store Score chain as part of a plan to create opportunities for black entrepreneurs. SACCAWU made a submission before the Commission for Conciliation, Mediation and Arbitration asking that staff conditions of employment remain the same as they are under Score as they claimed that staff at franchised stores, or Family Stores, were paid less than at Score.

In Port Elizabeth in 2010¹⁰, a franchise store was closed down and workers lost their jobs. In response to protests by the unions Pick n Pay spokesman Tamra Veley said **the staff were not employees of Pick n Pay but of the franchisee**. "We decided to terminate the franchise agreement because we found it was no longer economically viable."

Further, in June 2011, the issue of wages in franchise stores compared to corporate stores was highlighted¹¹ when workers at the Pick 'n Pay at Nonkqubela shopping mall, a franchise store, went on strike for an eight per cent wage increase. The owner said he was aware of the strike. He claimed that he promised workers a five per cent increase and gave them reason why he could not pay eight per cent. He said the staff "need to understand" that he was a "very small" franchised business.

Many Pick n Pay stores are franchise stores - how this affects ownership and therefore managerial control of the franchise operations will impact on how much the Global Agreement reached with central management can be effectively implemented at a franchise level. This appears to be different in Namibia where the union bargains centrally for both corporate and franchise stores perhaps setting a precedent for South Africa where the union must organise each store individually as a separate company.

What pressure can be put on the company to follow the Namibian model in all locations?

Company Performance 2010/2011

The annual report notes that the 2011 financial year ended 28 February was exceptionally tough due to a combination of a difficult trading environment and some internal challenges. At the same time, however, some significant strides towards transforming the business

⁶ Harris, Shaun, Taking a pick to the last pyramid, Finweek, 27 January 2011

⁷ Mokgata, Zweli, Pick n Pay brushes off criticism of pyramid structure, Timeslive, 20 June 2010

⁸ Mokgata, Zweli, Pick n Pay brushes off criticism of pyramid structure, Timeslive, 20 June 2010

⁹ Welford, Mark, Unions to Fight Pick 'n Pay Franchising Of Score Stores, <http://franchise.business-opportunities.biz/2007/06/28/unions-to-fight-pick-n-pay-franchising-of-score-stores/>, 28 June 2007

¹⁰ Butler, Lee-Anne, Protests as Pick n Pay closes, The Herald, 24 November 2010

¹¹ Dambo, Nombulelo, 'We are treated like slaves' say workers, West Cape News, 6 June 2011

into a modern world-class retailer are noted by management who put the troubles in a year of tremendous change and progress on a number of fronts.¹²

FIGURE 6: PICK N PAY REVENUE 2006 - 2011

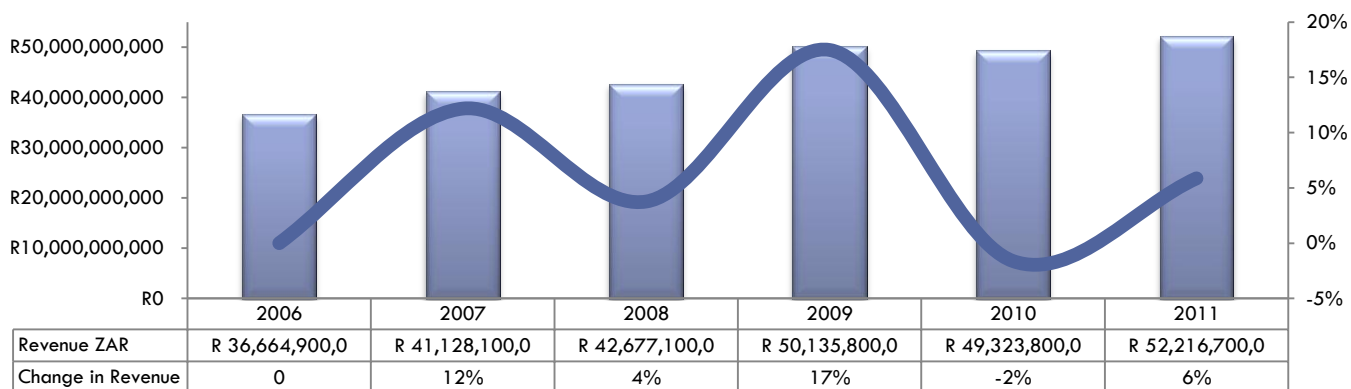


FIGURE 7: PICK N PAY PROFIT BEFORE TAX 2006 - 2011

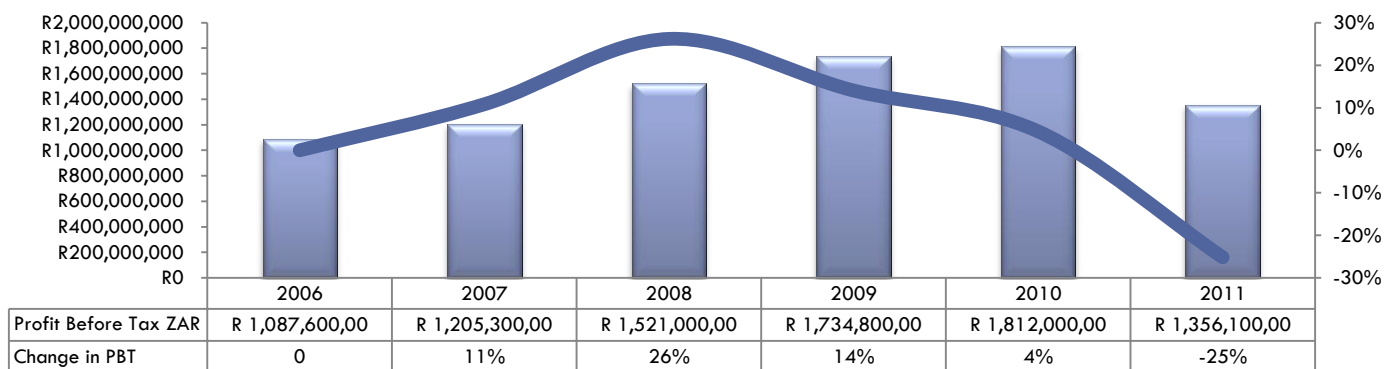
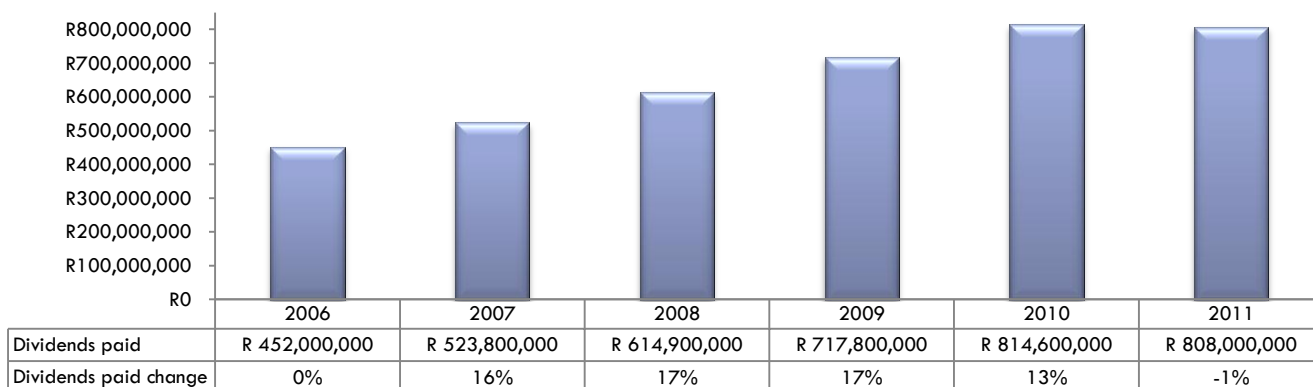


FIGURE 8: PICK N PAY DIVIDEND PAYMENTS 2006 - 2011



Poor performance through failed strategies

When compared to its own performance in previous periods as well as that of its competitors over the last period, Pick n Pay fared poorly in the 2010/11 financial cycle. While revenues at the company have recovered from the dip experienced in 2010, profits at Pick n Pay are substantially down, by 25 per cent on the previous year. This dip is not mirrored in the dividend payments to shareholders (the majority of whom are the Ackerman family). Dividend payments are down on 2010 by one per cent, changing the

¹²Pick n Pay Annual Report 2011

trend of double-digits increases that has been the norm for at least four years. However, the pay-out remains at R808 million for shareholders, a value of sixty per cent of profit, a higher percentage than ever before.

The reason for this poor performance has been variously ascribed by analysts to the delay in selling the loss-making Australian subsidiary, Franklins; its slowness in centralising distribution centres; an overspend on store remodelling that has not paid off; non-closure of loss-making operations; losing market share to both Shoprite and Woolworths; reliance on franchises; slow expansion into Africa¹³.

→LATE MOVE TO DISTRIBUTION CENTRES: Rival Shoprite's distribution centres have been critical in giving it the competitive edge, as they have enabled it to buy up stock at favourable exchange rates and then sell them at lower prices, while still maintaining margins. While the lag has cost Pick n Pay, it has however allowed it to learn from the mistakes of earlier implementers which might mean that it will ultimately overtake its competitors in terms of efficiency. But currently it is only a third of the way through the roll out. On the announcement of the successful sale of the Franklins operations in Australia, management has announced that the proceeds of this sale will be used to help roll-out these distribution centres with the goal to have five new central distribution centres operational by 2014¹⁴

→LOSS OF MARKET SHARE to Woolworths at the top end of the market and to Shoprite at the bottom end. The reasons have included, according to analysts, Woolworths investing more in food by increasing store space and Shoprite continuing with its aggressive expansion while Pick n Pay's strategy has not kept up. Pick n Pay's lower earnings in 2011 were concerning to analysts as a few years ago it had said 2010/2011 would be the year when it would come right, after several years of sub-par performance relative to rivals. Now it warns of a further few years of difficulty before the strategic changes are reflected in results.¹⁵

→STRIKES OF 2010: Pick n Pay management has said that trading conditions had been particularly tough in 2010/ 2011 due to the effect of a national strike during its peak trading period and because cost inflation exceeded internal selling price inflation

→EXPANSION PLANS: In 2010 analysts noted that expansion plans would not solve Pick n Pay's local operational issues. "They really need to focus on their South African operations before running off into Africa - it won't solve the problems they're already faced with over here," said a retail analyst.

→CENTRALISED CONTROL¹⁶: The highly centralised control structure of the company has also been blamed for the poor operational performance which stops the group from being competitive. It has been suggested that a deconstruction of the pyramid structure could improve this performance. Pick n Pay, was founded on this family structure and it is unlikely, in the words of the current Chairman Gareth Ackerman, that they will seek to change this without significant shareholder pressure.

Note: How can unions become part of the solution to this litany of woes while building their union organisational power at the company at the same time?

Outlook for 2011 - 2012

Press reports note that while Pick n Pay has said it had experienced its toughest trading year yet, **the company expected the next year to be equally difficult as it focuses on continued Africa expansion and the completion of the centralised distribution centres on which it appears to have staked its future.**¹⁷

In press statements earlier in 2011 the CEO sounded hopeful that a corner had been turned noting the successes of the planned strategy. Including the consolidation of the three inland regions into one, the roll-out of SAP (the company's technology platform) complete, extensions complete to the Longmeadow Distribution Centre, which now stands at 65 000 square metres.

The annual report notes that strategic initiatives will build a platform for growth with a focus on

- ⇒ driving our Smart Shopper loyalty programme to increase sales and ensure that our customers benefit from real cash savings and more focused engagement;
- ⇒ focused and prioritised store expansion across all formats;
- ⇒ specialist category buying to enhance the customer offering;
- ⇒ improving operational efficiencies at Longmeadow, to create a sound blue print for the roll-out of distribution centres and demand planning activities in the future;

¹³ Share of the week : Pick 'n Pay, Timeslive, <http://www.timeslive.co.za/sundaytimes/article1034726.ece/Share-of-the-week---Pick-n-Pay?service=print> 23 April 2011

¹⁴ Reuters, 'Pick n Pay to use cash Franklins Sale,' 26 August 2011

¹⁵ Enslin-Payne, Samantha, Strike takes its toll on Pick n Pay, Business Report, <http://www.iol.co.za/business/companies/strike-takes-its-toll-on-pick-n-pay-1.1050494/>, 1 April 2011

¹⁶ Harris, Shaun, Taking a pick to the last pyramid, Finweek, 27 January 2011

¹⁷ Cape Business News, Pick n Pay Finds Itself On The Ropes, <http://www.cbn.co.za/dailynews/5552.html>, 20 June 2011

- ⇒ building on the success of the consolidation of the inland region, to further simplify the structure of our organisation to realise enhanced efficiencies; and
- ⇒ to continue to drive sustainability with focus on reduction in energy usage and waste.

The short-term outlook therefore remains difficult but, the company claims to be working towards becoming one world-class retail team, with specialist buying, marketing, administration and distribution. Management is confident that all the measures being put in place and unwavering management focus will enable us to drive medium and long-term growth. None of these initiatives, as noted in the report, comment on 'labour initiatives'. However, since the year end, reducing labour costs has been touted as a key initiative by management on the road to recovery.

After the 2011 year end, Richard van Rensburg was hired on a three-year contract as deputy chief executive in order to accelerate the efficiency initiatives including the information technologies and the distribution centres. Commenting on the move the chairman, Gareth Ackerman noted that the integration of all systems should be complete in 18 months to two years and that between the new information systems, the distribution centres and the so-called "labour initiatives", including retrenchments, management hoped to save about two per cent of costs. This is clearly the overall strategy.

CONCERN OVER WALMART

Concerns are being expressed by analysts that despite the changes, Pick n Pay is set to lose out most to Wal-Mart which has acquired a 51 per cent stake in South African discount trader Massmart¹⁸. Whatever the outcome of appeals and further conditions on its entry, it is highly unlikely that the deal will not be finalised with serious implications following the entry of the world's largest retailer into Africa.

Pick n Pay's vulnerability is put down to the late implementation of its central distribution system. Analysts note that all systems take time to work through technology issues and it is claimed that the technology platform, SAP has exacerbated rather than alleviated the problems for now. The experience of rival Shoprite is that it took seven to ten years to get the system running smoothly and it is feared that if Wal-Mart with their technology can do a leap over Pick n Pay in terms of getting the systems up and running quickly, more quickly than Pick n Pay, analysts note that Pick n Pay has got a major challenge on its hands.

Corporate Social Responsibility

Management notes that the policy of the company is to allocate in excess of five per cent of after-tax profits to benefit the communities in which they operate. The allocation is made through the Pick n Pay Foundation which supports small-scale farmers and entrepreneurs in the supply-chain.

In 2011 the amount allocated was R54.4 million (6.9 per cent of profits), up in percentage terms on the 5.1 per cent spent in 2010, although in real terms, the R61 million spent in 2010 is greater. This aligns with the commitment of many owners to only concern themselves with CSI only when they have made profits.

There are further charitable exercises such as a cycle academy for children in disadvantaged communities and assisting previously unemployed women in Khayelitsha and Manenberg in the Cape start and run a company creating eco-friendly shopping bags which are sold in the stores.

It is not clear from the report whether this spend is in South Africa only or throughout the operational areas of Pick n Pay, projects noted do seem to be in South Africa.

Directors

Executive Directors

- Chief executive officer: **Nick Badminton** (49) – Appointed 2007
- Ex - Chief Financial Officer: **Dennis Cope** (60) – Appointed 1997 - retired 28 April 2011 (after 2011 year-end)
- New Chief Financial Officer: **Aboubakar (Bakar) Jakoet** (55) – Appointed 29 April 2011 (after 2011 year-end)
- **Richard van Rensburg: Appointed as deputy CEO for three years following the 2011 financial year end.**

Non-Executive Chairman

Gareth Ackerman (53) – Appointed 1990 / Chairman – Appointed 1 March 2010

¹⁸ Planet Retail, PRNewsChannel.com; South Africa's retail community poised for major change; <http://www.prnewschannel.com/absolutenm/templates/?z=4&a=3746>
6 May 2011

Other non-executive directors as at year end February 2011

- **Hugh Herman** – Other listed company directorships: Investec Bank Limited, Investec plc. (Chairman), Investec Limited (Chairman), Growthpoint Properties, Limited, **Pick n Pay Holdings Limited**.
- **Alex Mathole** - She is Executive Director and General Counsel: Legal and Compliance at Siemens where she is on the board, as well as being chairman of Siemens Building Technologies (Pty) Limited.
- **Lorato Phalatse**
- **David Robins**
- **Ben van der Ross** - Other listed company directorships: Distell Group Limited, FirstRand Limited, Lewis Group Limited, Makalani Holdings Limited, MMI Holdings Limited, Naspers Limited.
- **Richard van Rensburg: Appointed as deputy CEO for three years following the 2011 financial year end.**
- **Jeff van Rooyen** - Other listed company directorships: MTN Group Limited, Exxaro Resources Limited.

Directors' Fees

Given the poor performance of the company over the last period it is perhaps encouraging to note that the CEO and executive directors have not received bonuses for the period under review, given that they are nominally meant to be "performance" bonuses. However, it should be noted that the CEO still received a seven per cent increase in his salary taking it to over R3.5 million for the year, as well as R860, 900 in benefits. Additionally, the CEO cashed in some of his shares and received R10.5 million for them. As of the date of the annual report – 29 April 2011– the CEO has 3, 074, 418 shares outstanding. At current share price (20 May 2011 - Official JSE closing price at market close: 4 220c) these have a value of **R129, 740,439**.

TABLE 10: CHIEF EXECUTIVE OFFICER FEES

Financial Year	Salary	Bonus	Benefits	Total Annual Remuneration	LTI Payment	Total including LTI payment
2008	R 2,672,000	R 300,000	R 850,800	R 3,822,800	R 33,000,000	R 36,822,800
2009	R 3,031,500	R 3,000,000	R 790,900	R 6,822,400	R -	R 6,822,400
2010	R 3,310,500	R 298,900	R 858,900	R 4,468,300	R -	R 4,468,300
2011	R 3,544,500	R -	R 860,900	R 4,405,400	R 10,580,000	R 14,985,400

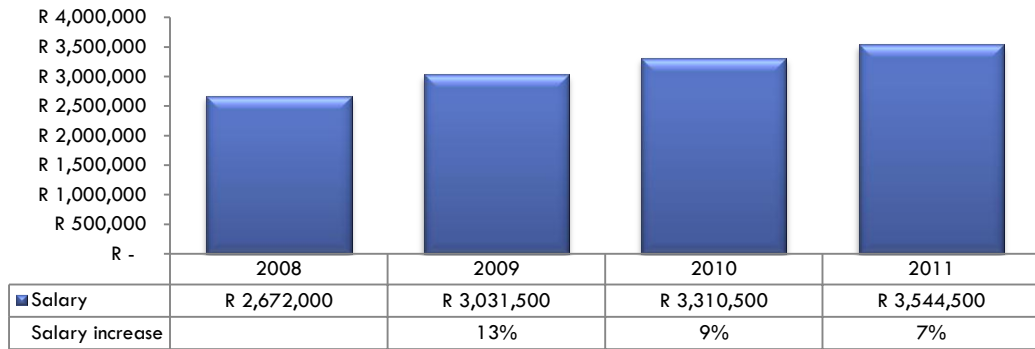
TABLE 11: EXECUTIVE DIRECTOR FEES

Financial Year	No. of EDs	Total Salary	Total Annual Remuneration	Average Salary	Average Total Remuneration	Total LTI Payment
2008	5	R 8,830,500	R 12,098,400	R 1,766,100	R 2,419,680	R 80,000,000
2009	5	R 8,462,300	R 15,071,500	R 1,692,460	R 3,014,300	R 2,800,000
2010	4	R 8,595,000	R 10,839,800	R 2,148,750	R 2,709,950	R 784,100
2011	4	R 8,431,200	R 12,162,600	R 2,107,800	R 3,040,650	R 24,709,500

TABLE 12: NON-EXECUTIVE DIRECTOR FEES

Financial Year	No. of NEDs	Total Fees	Average Fees
2008	6	R 2,530,000	R 421,667
2009	5	R 1,520,000	R 304,000
2010	6	R 2,383,000	R 397,167
2011	8	R 3,070,800	R 383,850

FIGURE 9: PICK N PAY CEO SALARY INCREASES



CEO salary increases have slowed but still show a seven per cent increase in 2010/2011 to a salary of R3.5 million. With benefits his pay for the year, at R4, 405,400 accounts for a wage gap, as noted above, of 97 years in South Africa, where workers receive the highest wages, to 306 years, the lowest waged workers in the study.

Labour Relations

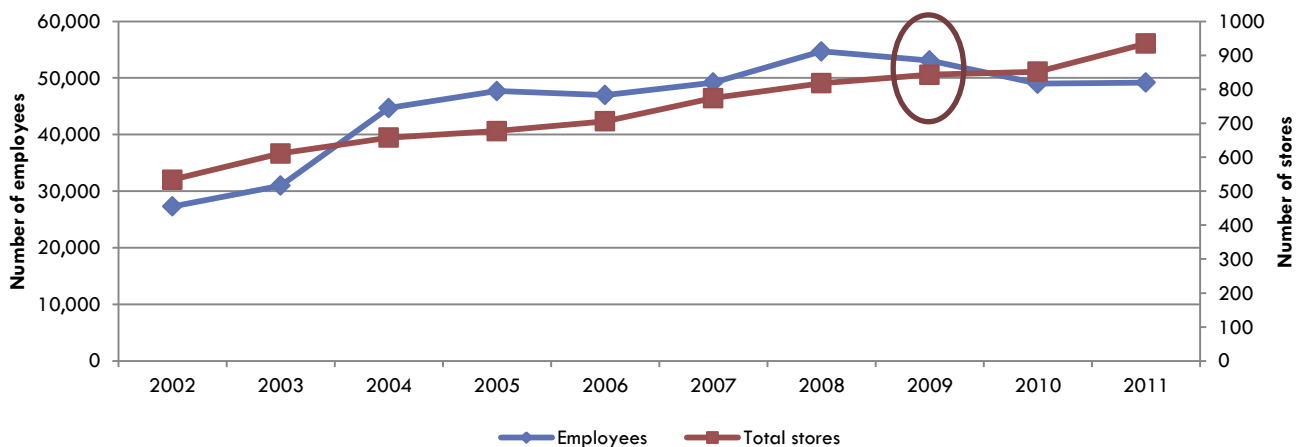
Employees

The 2011 annual report notes that 'prior to 2004 all casual employees were included as a one-third equivalent of full-time employees in this total. From 2004 these employees have been fully accounted for in the total number of employees, as they now receive full proportional Company benefits as variable-time employees.' Employee numbers below are as per these criteria in the annual report.

TABLE 13: TOTAL STORES AND EMPLOYEES AT PICK N PAY 2002 - 2011

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Employees	27,300	31,000	44,700	47,700	47,000	49,200	54,700	53,100	49,000	49,200
Total number of stores	534	611	658	677	706	774	818	843	852	935

FIGURE 10 : TOTAL STORES AND EMPLOYEES AT PICK N PAY 2002 - 2011



For the first time in 2009, and increasingly now, the number of Pick n Pay stores is growing as the number of workers is decreasing. Whether this is a continuing trend as the company plans further expansion of its operations should be watched. Part of the reason for this change is that while employee numbers include casual employees they do not include outsourced / labour brokered employees who may, and probably are increasing with the expansion of operations. This has been noted by unions as management claims stores are overstaffed but are using these workers every day in all stores.

Termination of labour flexibility and mobility agreement – April 2011

In 1995 Pick n Pay signed an agreement SACCAWU that determined the terms under which employees would work - specifically the hours and days to be worked and the minimum number of employees to be employed in stores per category – cashiers, packers etc.

In September 2010, after failing to engage the union in discussion, management gave notice that the ‘fleximob’ (Flexibility Mobility) agreement, as it was known, would end. The union argued that management did not have the right to end the agreement, that it had not given the union enough notice and that the agreement was designed to run in perpetuity. The parties agreed to arbitration. In April 2011 the judgment of an arbitration hearing which ruled that the group had the right to terminate a labour flexibility and mobility agreement with the SACCAWU union.¹⁹

Following this ruling, in early July 2011 SACCAWU received notice of the

proposed retrenchment of over 3000 workers from Pick n Pay retail stores

In early July 2011, Pick n Pay management announced their intention to retrench up to 3,137 workers from the non-management bargaining unit in South Africa. The reasons cited were that with the poor financial situation in which the company finds itself, costs have to be cut and labour costs are too high. Other ways of dealing with the issue had been considered but would not bring the savings required. Some jobs could be saved depending on the outcome of discussions with SACCAWU on labour flexibility. In the light of the termination of the Mobility and Flexibility arrangement, the impact of the Wal-Mart/Massmart merger and the whispers (denied) of talks with Tesco, the announcement is seen as ominous.

Management notes that Pick n Pay’s cost per worker is the highest in the food retail industry,²⁰ and that the company is overstaffed and has an unsustainable cost structure. Mainstream analysts have welcomed the move as they estimate that its labour costs could be as much as 20 per cent too high²¹. What is not discussed is the proportion of that labour bill that is reserved for the small group of management taking home millions of rands in salaries and benefits while low paid workers take home R3,500 per month. Also not discussed is that the retrenchments come just before an increase of R400 per worker per month is due to take place as per the wage agreement coming out of the 2010 strike.

However, some analysts’ comments suggest the issue is not the high labour costs but strategic management errors which the workers have to pay for. These include the very expensive rebranding exercise which cost at least R138 million in outsourced fees, entering Australia, not concentrating on general merchandise in their hypermarkets, not putting in centralised distribution timeously and not keeping ahead of the pack with IT. Getting rid of workers and lowering the wage bill is therefore a short-term saving that is unlikely to yield the results Pick n Pay needs.

The above actions by the company both highlight the move by management to demand greater flexibility from the workers. In a recent statement (17 August 2011) the chairman of Pick n Pay, Gareth Ackerman, made their strategy clear in a call for greater labour market flexibility. The statement seems to indicate the hardening of the company attitude to organised labour as he notes that the company has been forced into the current retrenchments due to the unions which have not allowed the workforce to be more flexible.²² Further emphasising the stance of the employer, the CEO, Nick Badminton has said that ‘If the unions want to strike, they must go ahead.’ While analysts note that the retrenchments will serve as notice to workers that there is a new regime in place based on ‘hard-nosed realism’.²³ This attitude of management at a central level will make engaging on workers’ rights particularly challenging and a strong campaign based on clear demands must be coordinated across the alliance.

As of the date of this report the matter is being deliberated by the Commission for Conciliation, Mediation and Arbitration.

Global Framework Agreement

As noted by the president of UNI Africa, the campaign for a Global Agreement takes place against the background of the proposed retrenchments, the Wal-Mart entry into Africa, the rumours of Tesco’s interest in the company, Pick n Pay’s loss of market share and uncertain outlook. It will not be easy. Particularly now as labour costs are seen as the easiest way to ease the bottom line an increased organisation of workers may be seen as endangering that. The GFA campaign will have to keep this in mind and use it to promote the cause of social dialogue, improved corporate governance and engagement rather than closing it down. Currently a draft document has

¹⁹ Pick n Pay studying judgment, Independent Online <http://www.iol.co.za/business/companies/pick-n-pay-studying-judgment-1.1059724>, 20 April 2011

²⁰ Thomas, Stafford, Pick ‘n Pay - No Appetite: Labour love lost, Financial Mail, <http://www.fm.co.za/Article.aspx?id=148893> 21 July 2011

²¹ Planting, Sasha, Pick n Pay wins fight to bring down labour costs, Moneyweb, <http://www.moneyweb.co.za/mw/view/mw/en/page292520?oid=535805&sn=2009+Detail20> April 2011

²² Cloete, Kim, Pick n Pay chairman cries out for labour market flexibility, Moneyweb, <http://www.moneyweb.co.za/mw/view/mw/en/page292520?oid=550008&sn=2009%20Detail>, 17 August 2011

²³ Financial Mail, ‘The Big Rejig’ 25 August 2011

been discussed by the alliance with various changes and additions made to the template to include franchise stores in the agreement as well as insisting on a monitoring process to be structured into the arrangement.

Pick n Pay in the news

Possible take-over: TESCO²⁴

South African retail market speculations are abundant that UK based global retailer Tesco is showing a great interest in Pick n Pay as a part of its expansion strategy. Pick n Pay is supposed to be a good match with its business structure and marketing strategies and one of a few local retailers that extensively uses loyalty programs. The rumour is strongly denied by management.²⁵

However, SACCAWU and other commentators have not accepted this explanation noting that the costly so-called G3 rebranding/restructuring process involved imported Tesco expertise, designs and personnel branded as international experts. This included outsourcing of the logo at the value of R100m. Currently, Tesco operates stores in 14 countries worldwide and employs 5,000 workers.

COSATU on the offensive²⁶

As noted above, the South African labour federation COSATU has said the proposed retrenchment by Pick n Pay of 3 137 workers was “clearly an attempt to anticipate the arrival of Wal-Mart in South Africa”. The federation said the retailer had compounded its problems by spending R110million* on rebranding itself, an amount that Cosatu described as exorbitant. “Yet they blame their increased costs on the high number of workers.” Cosatu said its affiliate, SACCAWU, had confirmed that Pick n Pay was in talks with Tesco, a UK retail group, “about ‘efficiencies’ they would expect from Pick n Pay”. Cosatu said it would consider SACCAWU’s call for a national boycott of Pick n Pay and a march to the house of founder Raymond Ackerman. The federation is planning a mass strike on October 5 if business, the government, labour and civil society representatives at Nedlac fail to reach agreement on the banning of labour brokers.

**It is noted that the R110million discussed above covered only the redesign and installation of the new logo, work which was outsourced. A further R28million was spent outsourcing the redesigned uniform. This uniform was initially to be piloted on a small scale rather than imposed and has since been rejected by workers. The R28 million spent has therefore come to next to nothing.*

KEY ISSUES AND CHALLENGES

This section highlights issues that were raised both in the research and in the workshop and makes recommendations on how some of these issues can be taken up.

Information and Communication

- At the workshop an initial network of people was established and contact details circulated with a chairperson of the alliance elected. How and how often this network communicates needs to be agreed. Suggestions were made concerning setting up a website to host the alliance where affiliates can post and receive updates. Unions raised the issue of collecting together recognition agreements and collective bargaining agreements across company operations as a resource base for all the unions within the alliance. These could also be posted on the website. The website will also include annual reports of the company and could also be used to post news articles on the company.
- Where an affiliated union only has a single email account participants have committed to setting up their own free email accounts so that they can more easily be reached.
- Information on workers in operations – both unorganised and within the union – needs to be collected routinely by the national unions. This will assist the unions in gauging improvements in organisation as well as highlighting which workers are still unorganised and coming up with strategies for organising them. It is part of building the union organisation as well as gaining better information of who works at Pick n Pay.
- UNI and the alliance should develop appropriate communication systems and tools to raise awareness among Pick n Pay workers and the broader public about the struggle of the Alliance for decent work and decent life.

Capacity Building

- Building the capacity of shop stewards to represent the union in bargaining and in the alliance must be addressed and has been highlighted by a number of participants. Educational material needs to be sourced or developed and a forum for sharing skills, or

²⁴ Tesco reportedly on its way to South Africa, <http://www.uniglobalunion.org/Apps/UNINews.nsf/vwLkpByld/B6CCAA001.54D92EC1.257893002AF979>, 17 May 2011

²⁵ Crotty, Ann, Ackerman says Pick n Pay is not planning Tesco deal, Business Report, 13 June 2011

²⁶ IOLNews, Cosatu on the offensive, 26 August 2011, <http://www.iol.co.za/news/politics/cosatu-on-the-offensive-1.1125676>

workshopping with more experienced shop stewards to be developed by the alliance. These tools can also be housed on a website.

- Given that many of the unions engaging with Pick n Pay are the same unions as are involved in the Shoprite alliance, the opportunity to learn from the Shoprite GFA campaign and network building should be planned and used.

Solidarity

- The challenge of assisting workers in Botswana to participate in the alliance as well as the concern as to why Swaziland has failed to participate in the alliance work thus far must be addressed. As it stands these two countries host nineteen Pick n Pay operations and workers at these operations are being failed by their unions.

Corporate Governance

- The highly centralised nature of control at Pick n Pay – how decisions are reached and who has the power to implement them - will have to be considered in engaging with the company for the global framework agreement and any improvements in the workers conditions and the corporate governance of Pick n Pay.
- The company has supplied very little documentation on the regional operations of Pick n Pay, including worker numbers, union density and CSI initiatives. As a growing regional company, Pick n Pay should be pressed into being more transparent in its information sharing on operations.

Organising

- Apart from South Africa and Namibia, most unions are still in the process of organising workers at operations for the first time. This will increase as the company expands to new countries. These unions need to be supported in organising workers and brought into the alliance as they organise within the company. This also includes encouraging unions to affiliate to UNI as this will help to build links between unions within the same country and across borders and so build solidarity. The increased planned expansion of the company across Africa must be monitored and discussed with the company. The network needs to keep up to date on where the company is going and making sure that unions in those countries are ready and free to organise workers.
- Unions will recruit workers in all forms of employment and across grades and job functions to combat the divide and rule tactics of Pick n Pay. While the increased use of casual and contracted labour should be resisted, the fact that these workers are increasingly being used in operations cannot be ignored. Information from participants seems to suggest that these workers are not well organised. Strategies to organise these workers need to be devised and shared.

Developing responses to:

Possible take-over

- The issue of a possible take-over, by Tesco or another international retailer seeking a foothold in Africa must be addressed. In the case of Massmart/Wal-Mart it is noted by Massmart workers that their working conditions and jobs became increasingly vulnerable over the months leading up to the offer in a bid by management to make the company more attractive to the foreign buyer. Such moves by Pick n Pay management are already suspected and must be tracked and communicated through the alliance. Responses, in the form of engagement with management, solidarity action and applications to the CCMA must be developed and implemented by the alliance.

Franchises

- The existence of a high number of franchise stores in the group, some of which, as in Namibia, are centrally organised and some of which, as in South Africa, are not, needs to be addressed both in the Global Agreement but also in engaging with the company generally. The Namibian model should be understood and popularised across the alliance so that campaigning for it across Pick n Pay can begin. Organising workers at franchises must be a priority as well as knowing how many and under what conditions workers are working at the franchises. Workers at franchises should also then be included in organising activity for corporate stores and a resolution proposed that workers at corporate stores will engage in solidarity action with workers at franchises.
 - The head of franchises sits within the corporate headquarters; he should be called to participate in a franchise forum to discuss issues of franchise workers and to move them to a situation where they can be included in corporate negotiations in all areas. The issue of franchises needs to be addressed by the unions centrally and a plan created to promote the issues of workers there.

Appendices

- APPENDIX 1: Questionnaire
- APPENDIX 2: Participants list at Pick n Pay Shop steward Alliance Meeting 3 – 4 July 2011
- APPENDIX 3: Trade Union Rights and Collective Bargaining
- APPENDIX 4: Union Prioritisation of Workers Demands
- APPENDIX 5: Trade Union Comparison of Pick n Pay Wages, Working Hours, Training and Working Conditions
- APPENDIX 6: Industrial Action and Company Responses
- APPENDIX 7: Trade Union Perceptions of Management
- APPENDIX 8: Trade Union Identified Challenges at Pick n Pay and focus for continental Solidarity
- APPENDIX 9: Letter to Pick n Pay management

Acknowledgements:

This research was possible due to the strong motivation of the United Network International (UNI), a global union that organises in the service sector. The South African Catering, Commercial and Allied Workers Union (SACCAWU) played a leading role to bring together the relevant unions in the region and the Friedrich Ebert Stiftung (FES) assisted with financial support as well as with logistical support through its numerous offices and staff on the continent. The report hopefully reflects this energetic collaboration and comradely spirit between all these organisations.

With the support of UNI and FES

Cover photograph: Workers at Pick n Pay in Heugh Road, Walmer, Port Elizabeth protest the closure of the store and the loss of their jobs, November 2010

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APPENDIX 1: QUESTIONNAIRE FOR UNIONS ORGANISING AT PICK N PAY

Process

This questionnaire was drafted by the Labour Research Service (LRS), however, it will be administered and completed by FES offices and the UNI affiliate organising at Pick n Pay in various African countries.

The questionnaire was distributed to participating trade union officials following the presentation of the plan at the Shoprite Shop stewards' Alliance meeting. The trade union official will identify a Pick n Pay shop steward with whom to work in completing the questionnaire.

UNI Africa will contact the General Secretary of the UNI affiliate in the country to clarify purpose of the project.

Friedrich Ebert Stiftung (FES) in the country will liaise with the affiliate union in order to complete the questionnaire. The trade union appointee will complete questionnaire and gather the required information with the Pick n Pay shop steward and submit it to FES office in the country.

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

FES staff will then send the completed questionnaire and accompanying documentation to Michelle Taal (LRS) by mail, fax or email at the addresses below.

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

Questionnaires need to be completed and returned to FES in your country by **29th April 2011** so that the report can be prepared for discussion at the Alliance meeting at the end of May 2011.

Suggested Countries that this project will cover:

South Africa is the home country of Pick n Pay and where most of its operations are.

Other countries that currently have Pick n Pay operations: Namibia, Botswana, Swaziland, Zimbabwe, Zambia, Uganda, Mozambique.

Pick n Pay is planning to launch stores in Mauritius, Malawi and possibly Tanzania in the near future, these unions could be included in the study as it becomes appropriate.

Contact Details:

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Labour Research Service

P.O. Box 376

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7915

South Africa

Tel: +27214471677

Fax: +27214479244

Email: michelle@lrs.org.za

COUNTRY:

Name of FES Staff Member working on this project:

Number of years as a shop steward:

Address:

Email:

Job function at Pick n Pay:

Number of years at Pick n Pay:

Telephone:

Work:

Mobile:

Address:

Email:

Name of Shop Steward working on this project:

Telephone:

Name of Pick n Pay operation where Shop Steward works:

Work:
Mobile:

Name of Trade Unionist working on this project:

Name of Trade Union

Position held at Trade Union:

Address:
Email:

Telephone:
Work:
Mobile:

QUESTIONNAIRE

PICK N PAY OPERATIONS:

Where does Pick n Pay have operations in your country?

Under what trading name does Pick n Pay operate in your country?

Are these franchise stores or company-owned?

UNIONS AT PICK N PAY OPERATIONS:

Which Unions organise in the Pick n Pay in your country?

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

If there is more than one union organising in the Pick n Pay, are all recognised by the Pick n Pay management? (please provide copies of recognition agreements if available)

Unions with a recognition agreement	Unions with no recognition from Pick n Pay

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

No Cooperation	Weak	Effective
----------------	------	-----------

If yes, which unions cooperate with each other during collective bargaining with Pick n Pay?

On what other issues do unions cooperate? (provide examples)

Please provide the number of all Pick n Pay employees, members of union that is a UNI affiliate and or belonging to other unions. (If gender breakdown is not available just fill in the totals)

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

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

(please provide latest collective bargaining agreements)

Name of Union (UNI Member) _____

	Number of Workers at Pick n Pay			Number of Pick n Pay workers belonging to UNI Affiliate		
	Men	Women	Total	Men	Women	Total
Full-Time						
Casual / Temporary						
Total						

If there is more than one union organising in the Pick n Pay do the unions cooperate?

YES	NO
-----	----

If there is another union organising at Pick n Pay, please provide information in the table.

Name of Union:

	Number of Pick n Pay workers belonging to Union		
	Men	Women	Total
Full-Time			
Casual / Temporary			
Total			

UNION RELATIONSHIP WITH MANAGEMENT:

Do unions face any resistance from the company when they try to organise workers? (If yes, give examples of what the company does to prevent the union from organising workers)

Does the company allow the union/s to distribute information to workers at the workplace? (Give examples if unions were prevented from distributing information)

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

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

What Operations of the Pick n Pay does the union organise in?

KEY ISSUES FOR WORKERS:

What are the main grievances of workers at Pick n Pay identified by the workers and union?

(Wages, Working Hours, Fear of Retrenchment, Short Term Employment contracts, Casualisation, Organisational Rights, Health and Safety Issues, Management Style, etc.)

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

- 1.
- 2.
- 3.

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

Do workers experience any discrimination from Pick n Pay when joining the trade union? (If yes, give examples)

Do workers experience any intimidation from Pick n Pay when joining the trade union? (If yes, give examples)

WAGES AND CONDITIONS:

What is the minimum wage for a full-time worker at Pick n Pay? (please state if this is weekly or monthly)

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

Worse	Same	Better	Much Better
-------	------	--------	-------------

What is the minimum hourly wage rate of a casual worker at Pick n Pay?

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

Worse	Same	Better	Much Better
-------	------	--------	-------------

On average, how many hours a week do full time workers work at Pick n Pay?

On average, how many hours a week do casual workers work Pick n Pay?

How do you compare the working hours at Pick n Pay with other retail stores in the country?

Fewer hours	Same	More hours	Much more hours
-------------	------	------------	-----------------

Do workers receive any training through Pick n Pay? (If yes, please describe the nature and duration of training)

Is training

Inadequate	Adequate	Good
------------	----------	------

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

Worse	Same	Better	Much Better
-------	------	--------	-------------

RELATIONSHIP WITH MANAGEMENT:

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

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

7	Management is not sexist	Management is sexist
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Have there been strikes by workers at Pick n Pay in the past 3 years? (If yes, provide the dates and duration)

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

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

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

Did government ever intervene in a dispute between unions/workers and Pick n Pay?

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

CHALLENGES:

List the most important challenges that the union has identified at Pick n Pay? (e.g. Increase the number of members; Gaining recognition agreement from the company; Improve collective bargaining with the company, training shop stewards, etc.)

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

BUILDING SOLIDARITY:

Has your union heard of the UNI Pick n Pay Alliance?

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

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

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

Do you have any recommendation for organising workers in Pick n Pay?

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

If the union would like to participate in the UNI Pick n Pay Alliance, provide details of the person in the union that would be the contact person:

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

APPENDIX 2: PARTICIPANTS LIST AT PICK N PAY SHOP STEWARD ALLIANCE MEETING 3 – 4 JULY 2011

First name	Surname	Country	Union	Position in Union	Years in Position	Position in Pick n Pay	Pick n Pay Operation	Years in Pick n Pay Position	Work phone	Mobile number	Email
Frans Snowy	Nkosi	South Africa	SACCAWU	Company Council NOB	10	Sales Person	Northgate Hypermarket	16	011 801 7000	072 602 2500	snowyf@vodamail.co.za
Patrick	Papale	South Africa	SACCAWU	Office Bearer	21	Merchandiser	Steeldale Hyper	21	011 610 5000	072 212 3893	NA
Patrick	Madumo	South Africa	SACCAWU	Pick n Pay National Chairperson	13	Shelf-Packer	Wonderpark	28	012 5491611	082 850 7714 / 0766115886	NA
Wilma L	Angula	Namibia	NAFAU	Organiser	16	NA	NA	NA	061 215 845 / 061 215 8213	081 286 3504	Nafau@iway.na
Paulus	Kuutondokwa	Namibia	NAFAU	Shop steward	7	Supervisor	Wernhill, Windhoek	6	061 226 544 / 2964500	081 280 4158	Nafau@iway.na
Baptista	Tsinine	Mozambique	SINECOSSE	Assistant of Labor and Social Department	>20	NA	NA	NA	0258 82 065 1647	0258 82 850 8400 / 071 370 4110	Mbangana_1950@live.com
Astridah	Phiri	Zambia	NUCIW	Director - Workers' Education and Training	-	NA	They have signed check-off forms	NA	260 1234 368	260 927 820213	Astridahphiri1@yahoo.co.uk
Queen	Komane	Lesotho	NUCCAW	National Organiser	10	NA	NA	NA	0266 22 323 559	0266 587 10052	Nuccaw@yahoo.com
Matirerutsa	Goremusandu	Zimbabwe	CWUZ	Senior Organising Secretary	9		Former employee of TM Supermarkets	From 1994 - 2002		07333 56 374 / 071 234 3303	

APPENDIX 3: TRADE UNION RIGHTS AND COLLECTIVE BARGAINING

Country	Union	Recognition Agreement	Bargains with Company	Company Resists Unionisation	Company Allows Distribution of Information	Allows To Workers Meet On Premises	Discrimination Against or Intimidation of Union Members
Lesotho	NUCCAW	No	No	No	No	NA	No
Namibia	NAFAU	Yes	Yes	No	Yes	Yes	No
South Africa	SACCAWU	Yes	Yes	No	Yes	Yes	Not any more
Zimbabwe	CWUZ	Yes	Yes	No	Yes	Yes	No

APPENDIX 4: TRADE UNION PRIORITISATION OF WORKER DEMANDS

(a) Full-time workers

Country	Union	First Priority	Second Priority	Third Priority	NOTES
Lesotho	NUCCAW	Management Style	Wages	Health and Safety	
Namibia	NAFAU	Short-term employment contracts	Management style	Organisational Rights	
South Africa	SACCAWU	Low wages - wage gap with management	Fear of retrenchments	Subcontractors, casualisation, labour brokers	4. Management style - from a positive (liberal) give and take in engagements and scenario previously to a resistive and conflict environment of late
Zimbabwe	CWUZ	Short-term employment contracts (casualisation)	Non-payment of overtime	Management reps at works council level are powerless in decision making to come up with agreements	

(b) Casual Workers

Country	Union	First Priority	Second Priority	Third Priority	NOTES
Lesotho	NUCCAW	ND	ND	ND	
Namibia	NAFAU	Benefits			
South Africa	SACCAWU	Working hours: any number of hours worked per month is ad hoc as a result of the volume of business at any given time.	Conversion to permanent status	Meant to work on Public Holidays & Sundays, although paid at Time +1/2, but they are greatly inconvenienced and compromised on social life and ability to attend union related general meetings.	
Zimbabwe	CWUZ	Non-payment of bonuses	Non-payment of pensions	Unilateral dismissals	Always on continuous employment

APPENDIX 5: TRADE UNION COMPARISON OF PICK N PAY WAGES, WORKING HOURS, TRAINING AND WORKING CONDITIONS

Country	Union	Compare Wages with Other Retail Operations	Compare Working Hours with Other Retail Operations	Quality of Training	Compare Working Conditions with Labour Law
Lesotho	NUCCAW	ND	Same	Good	Same
Namibia	NAFAU	Better	Same	Adequate but not trained in their basic rights	Better
South Africa	SACCAWU	JUST better	More hours (for casuals?)	Inadequate - does not provide for skills portability, just to make one to be a good cashier internally.*	Better - because SACCAWU analyses issues and engage the company VIGOUROUSLY
Zimbabwe	CWUZ	Better	Same	Inadequate	Same

*SACCAWU has withdrawn from participating in Skills Development Forums – company inflates/manipulates/mislead figures as compared to actual number of workers trained.

APPENDIX 6: INDUSTRIAL ACTION AND COMPANY RESPONSES

Country	Union	Duration of Strike	Major Issue	Number of Workers	Resolution
Lesotho	NUCCAW	NA	NA	NA	NA
Namibia	NAFAU	None in the last 3 years			
South Africa	SACCAWU	(a) 1(One) day -09 Dec... 2009 (b) 2 (Two) weeks, 27 Oct-15 Nov 2010. (c) 1 (Day) 26 Nov 2010.	(a) Racalism & closure of Apartheid Wage Gap. (b) Improvement of wages & benefits of employment (c) SACCAWU's call for industry wide Centralised Bargaining.	(a) 87% (b) 83% (c) ± 76 %	(a) Issue highlighted and on spotlight. Remains unresolved. (b) A three year agreement (without engaging on same issues, save for secondary items. (c) Not resolved.
Zimbabwe	CWUZ	NA	NA	NA	NA

Country	Union	Company Responses to Strikes	Government Responses to Strikes	Other forms of protest	Management Responses to Other forms of Protest	Government Responses to Other forms of Protest
Lesotho	NUCCAW	NA	NA	NA	NA	NA
Namibia	NAFAU	NA	NA	NA	NA	NA
South Africa	SACCAWU	Yes – dividing workers. Four were subsequently reinstated at Woodmead operation	None	a) Sept 2010. Go slow & Stay away. Pressure for wages & conditions of employment. Full blown strike thereafter. 73 workers dismissed in Woodmead & 45 in Van gate. b) Unilateral change in shift patterns- 16 Dec 2010. 46 workers dismissed in Lenasia c) Internally engaging the company on the foregoing aspects.		
Zimbabwe	CWUZ	NA	NA	NA	NA	NA

APPENDIX 7: TRADE UNION PERCEPTIONS OF MANAGEMENT

Country	Union	Shopstewards Involved in Operational Decisions	Workers Consulted about Operational Changes	Supervision (Constructive or Oppressive)	Management's View of Workers (Contributors or Cost)	Management's Treatment of Workers (Respect or Disrespect)	Is management racist	Is management sexist
Lesotho	NUCCAW	No	No	Oppressive	Cost	Disrespect	Not racist	Not sexist
Namibia	NAFAU	No	No	Constructive	Cost	Respect	Not racist	Not sexist
South Africa	SACCAWU	No - or only when suit management	No	Yes (most of them are union members)	Cost	Disrespect - but subtle	Yes (December 2009 marches)	Yes - 2% managers are female, board = 2 female out of 14 men
Zimbabwe	CWUZ	No	No	Constructive	Cost	Disrespectful	Not racist	Not sexist

APPENDIX 8: TRADE UNION IDENTIFIED CHALLENGES AT PICK N PAY AND FOCUS FOR CONTINENTAL SOLIDARITY

Country	Lesotho	Namibia	South Africa	Zimbabwe
Union	NUCCAW	NAFAU	SACCAWU	CWUZ
Major Challenge	Problem on Wages	a) Trainings are needed b) Global solidarity c) Empowering women (females are not participating)	a) Conversion of casuals into full time status. b) Unilateral restructuring. c) Useless skills impartment.	Improve collective bargaining / Gaining recognition agreement
What is Union Doing	Presently we are still preparing to meet with the management to discuss and negotiate wages and working conditions	The union is trying to whenever the shop stewards / workers become strong they are promoted; in line with our laws the shopstewards need to serve for only two years and then new elections need to be conducted.	a) Has managed to sign an agreement, extending benefits of full timers to Part - timers/casuals.	Training workers committees
Prepared to work with other African unions in Shoprite	Yes	Yes	Yes. - SACCAWU is affiliated to UNI Global Union.	Yes
What should be the focus	Collective Bargaining Agreement	a) Sharing information on collective bargaining; b) Style of management globally; c) Global Solidarity	a) Harmonisation of working standards and conditions of employment.	Unifying conditions of service
How will it benefit your Union	Sharing of information	a) Information (knowledge) is more powerful; b) We need training; c) Due to scarce resources we need assistance financially, materially and morally	a) Information exchange & sharing about the experiences and conduct of the company in each country. b) Trade union unity & solidarity. c) Minimising the exportation of exploitation by the company.	Improved communication / networking, improved visibility of the union, increased membership
Do you have any recommendation for organising workers in PNP	Shop steward Alliance would be the best method	a) we need information or assistance on how to bring workers closer to union activities; b) What we are recommending is TRAINING	During the company's induction of new intakes (central point), the union is given a slot to address new intakes/ employees about our programmes, (medical aid & provident fund) We go beyond & address/ inoculate them about the trade union movement, SACCAWU in particular.	Training of shop stewards and organisers / activists
Recommendations to build continental solidarity between workers in PNP	No	We are recommending training so that workers can understand the importance of building solidarity.	a) Forming company based Shop steward alliance structures.	establishment of a website / establishment of coordinating teams