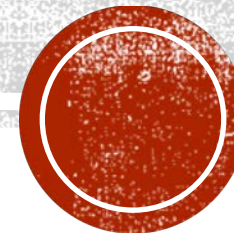


**COLLECTIVE  
BARGAINING  
STRATEGY INPUT**

MAY 2021



# **A CONTRIBUTION TO YOUR STRATEGIES**

- **UPDATE FROM THE NATIONAL MINIMUM WAGE COMMISSION**
- **COLLECTIVE BARGAINING SETTLEMENT TRENDS**
- **COVID-19, THE ECONOMY & COLLECTIVE BARGAINING**
- **THE 2021 BARGAINING ROUND**
- **BARGAINING FOR THE FUTURE**



# THE MANDATE OF THE NMWC

- The National Minimum Wage Act of 2018 requires that the National Minimum Wage Commission “**review the national minimum wage annually and make recommendations to the Minister on any adjustment of the national minimum wage.**” No 9 of 2018.
- 1. The proposal must **promote three-year targets** for the national minimum wage, the alleviation of poverty, and a reduction of wage differentials and inequality.
- 2. The Commission must consider a range of actual and potential economic **impacts** from the adjustment, specifically:
  - a) **INFLATION & THE COST OF LIVING;**
  - b) **WAGE LEVELS AND COLLECTIVE BARGAINING OUTCOMES;**
  - c) **GROSS DOMESTIC PRODUCT (GDP);**
  - d) **PRODUCTIVITY;**
  - e) **ABILITY OF EMPLOYERS TO CARRY ON THEIR BUSINESSES SUCCESSFULLY;**
  - f) **THE OPERATION OF SMALL, MEDIUM AND MICRO ENTERPRISES AND NEW ENTERPRISES; AND**
  - g) **THE LIKELY IMPACT ON EMPLOYMENT OR EMPLOYMENT CREATION.**
  - h) **THE ACT EMPOWERS THE COMMISSION TO ALSO CONSIDER OTHER RELEVANT FACTORS.**



# ADJUSTMENT OF THE **NMW**

- 1) Minister accepts the majority recommendation by the Commission - that the NMW be increased by **(4.5%)** from R20,76 to **R21,69** per hour in March 2021
- 2) the equalisation of the minimum wage in the farming sector with the NMW
- 3) the gradual equalisation of the minimum wage in the domestic sector to **R19,09**

- **Government Gazette to this effect was published on the 08 February 2021 and adjustments take effect from 1 March 2021.**



	<b>Rate per hour</b>	<b>Increase (%)</b>	<b>Increase (Rands) per month</b>
NMW	21,69	4,48	161,08
Farmworkers	21,69	16,11	521,33
Domestic Workers	19,09	22,61	609,66

# **NATIONAL MINIMUM WAGE 2021**



# THE **IMPACT** OF THE NATIONAL MINIMUM WAGE

- NMWC RESEARCH (DPRU, UCT)
- On aggregate what we observe is actually a relatively **muted response** to the introduction of the NMW.
- We do observe some increase in wages, but this increase is much smaller than expected, and we find no significant effects on employment or hours of work.



# THE **IMPACT** OF THE NATIONAL MINIMUM WAGE

- Relatively widespread **non-compliance** with the NMW, and we measure this as being at a comparable level to average non-compliance rates with sectoral determination minimum wages in the past.
- These results do suggest is that we need to better understand and model minimum wage violation, as this emerges as a key transmission mechanism for understanding the impact of the NMW in South Africa.



# THE NMW & COLLECTIVE BARGAINING

- In sectors where the level of the national minimum wage is relevant, it is generally viewed as being a **positive** development that has benefited unions and workers. There are instances where it has led to significant wage increases for some workers.
- The national minimum wage is not particularly **relevant** to a significant number of unions, unions representatives and the workers that they represent.
- **The floor becomes the ceiling** - The national minimum wage used as a moderating benchmark by employers in negotiations, although there were no reports of a lowering of wages down towards the national minimum.





# THE NMW & COLLECTIVE BARGAINING

- The impact of Covid-19 and the associated economic downturn has overshadowed many negotiations, and **the national minimum wage emerges as a floor for wage concessions.**
- **Compliance** with national minimum wage implemented as a matter of course in centralised bargaining settings
- More generally there is a sense that compliance was advanced through organising and bargaining. The implication is that **collective bargaining (and the associated activities of representative bodies) promotes the national minimum wage,** rather than the national minimum wage promoting collective bargaining.
- Setting medium term targets for the NMW – **A Decent Standard of Living** & Rebooting the Living Wage Campaign?



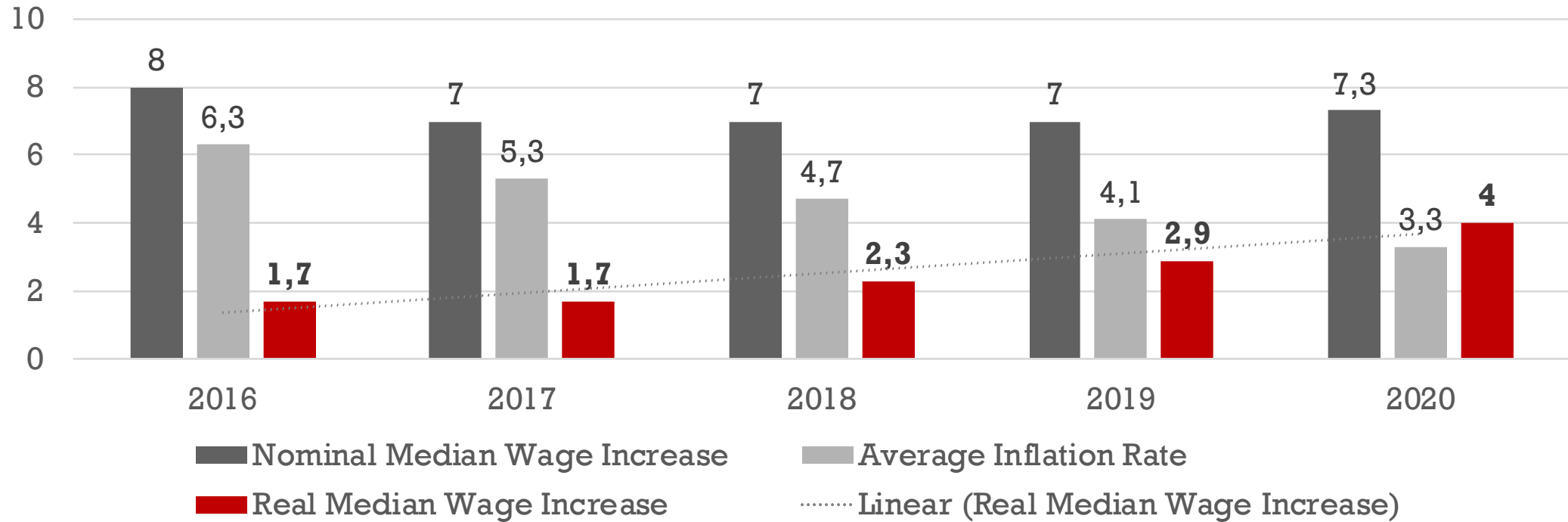
# BCEA THRESHOLD

- Threshold of R205 433 last adjusted in 2014.
- Minister adjusts threshold to R211 596 per annum.
- This is an increase of 3%.
- Limited traction in NMWC outside of labour. Business completely against any adjustment.
- I believe we have a case for adjusting the BCEA further, even if just to preserve the real value.
- **I recommend that labour go hard on this issue in 2021** and coordinate the labour constituency and lobby community and independents.



# **COLLECTIVE BARGAINING**





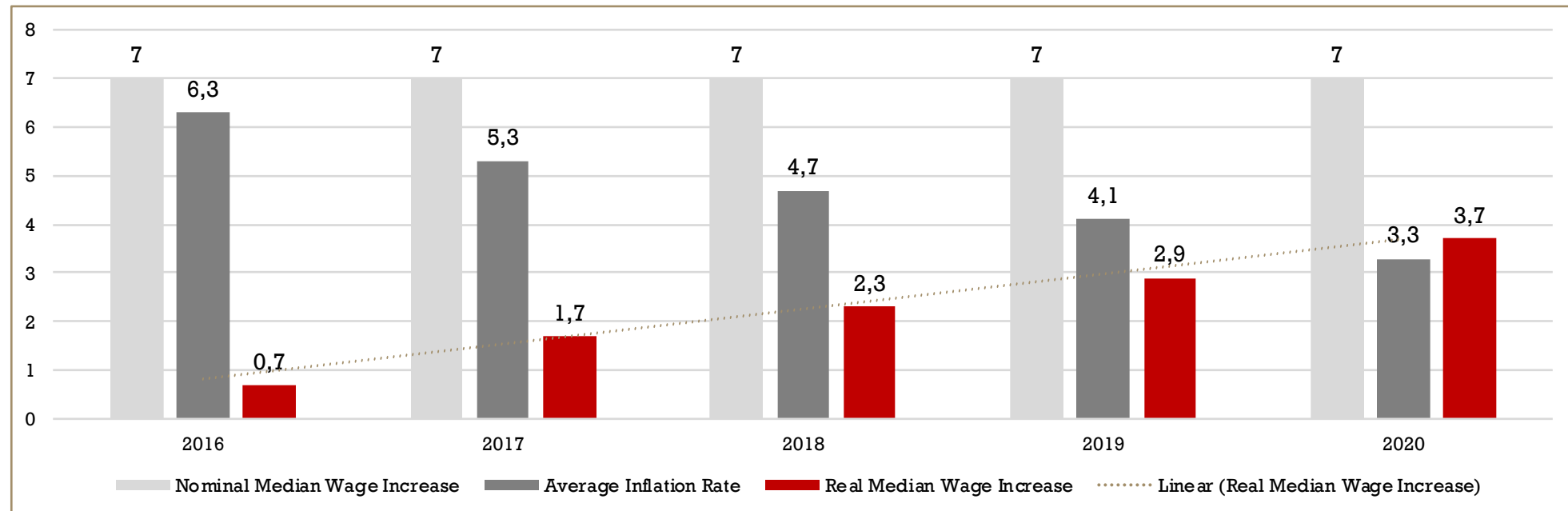
## SETTLEMENT TRENDS

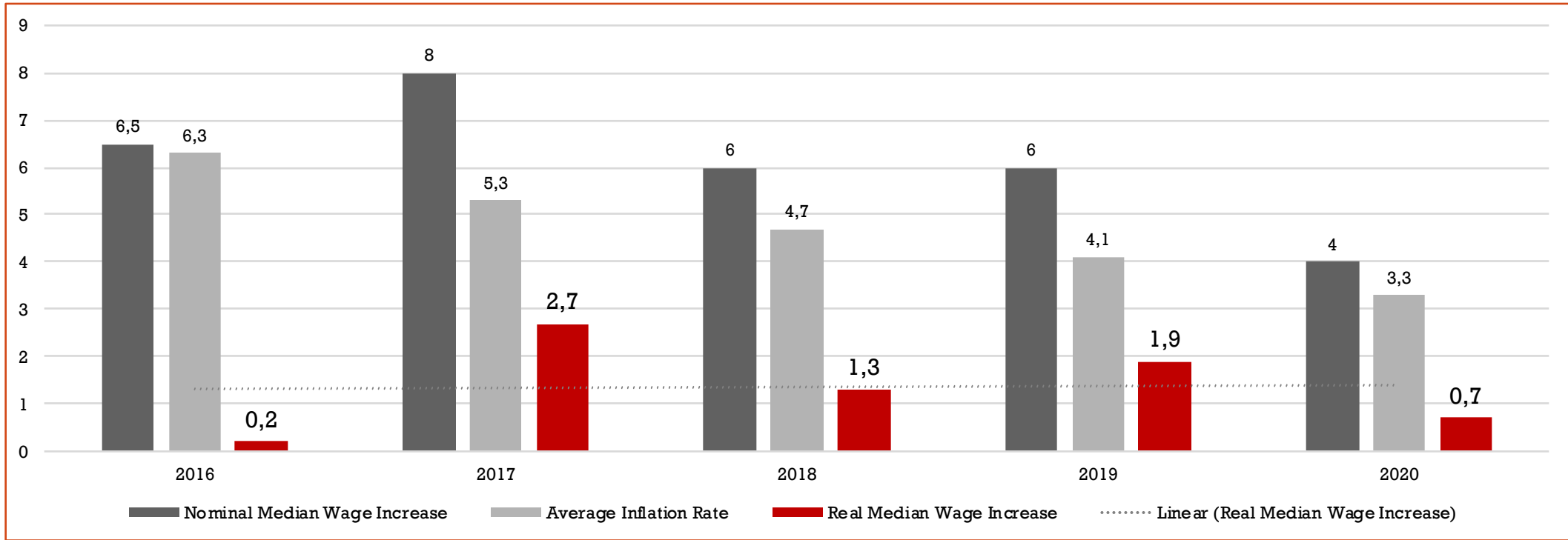
### AGRICULTURE, HUNTING, FORESTRY & FISHING

MEDIAN SETTLEMENT LEVELS, INFLATION AND REAL WAGE INCREASES 2016 – 2020

## COMMUNITY, SOCIAL & PERSONAL SERVICES

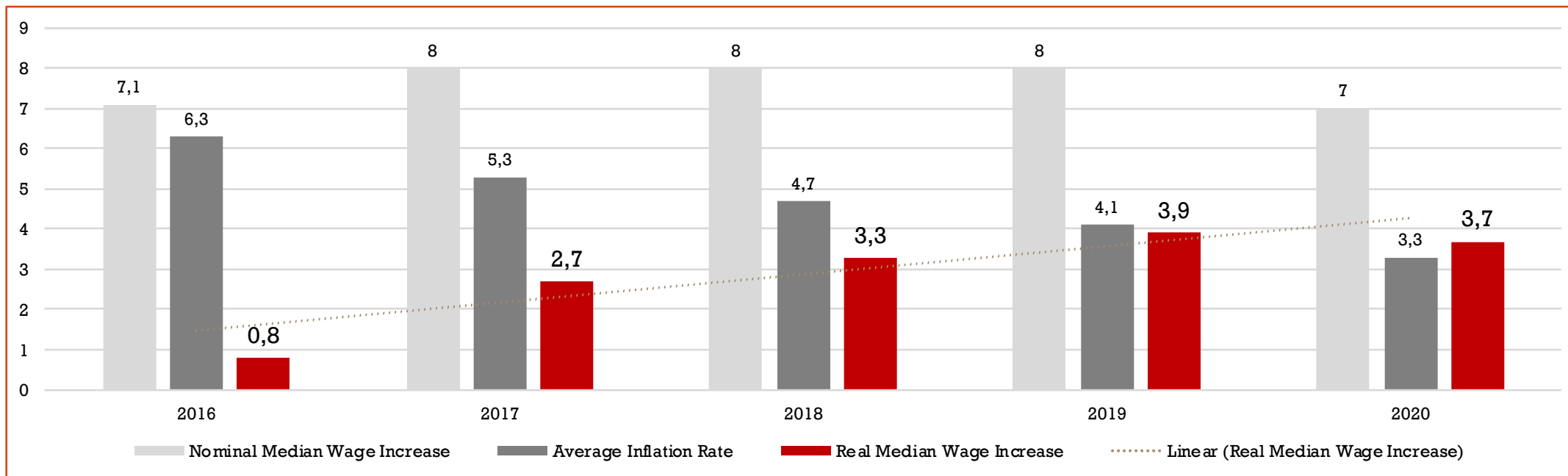
### MEDIAN SETTLEMENT LEVELS, INFLATION AND REAL WAGE INCREASES 2016 – 2020



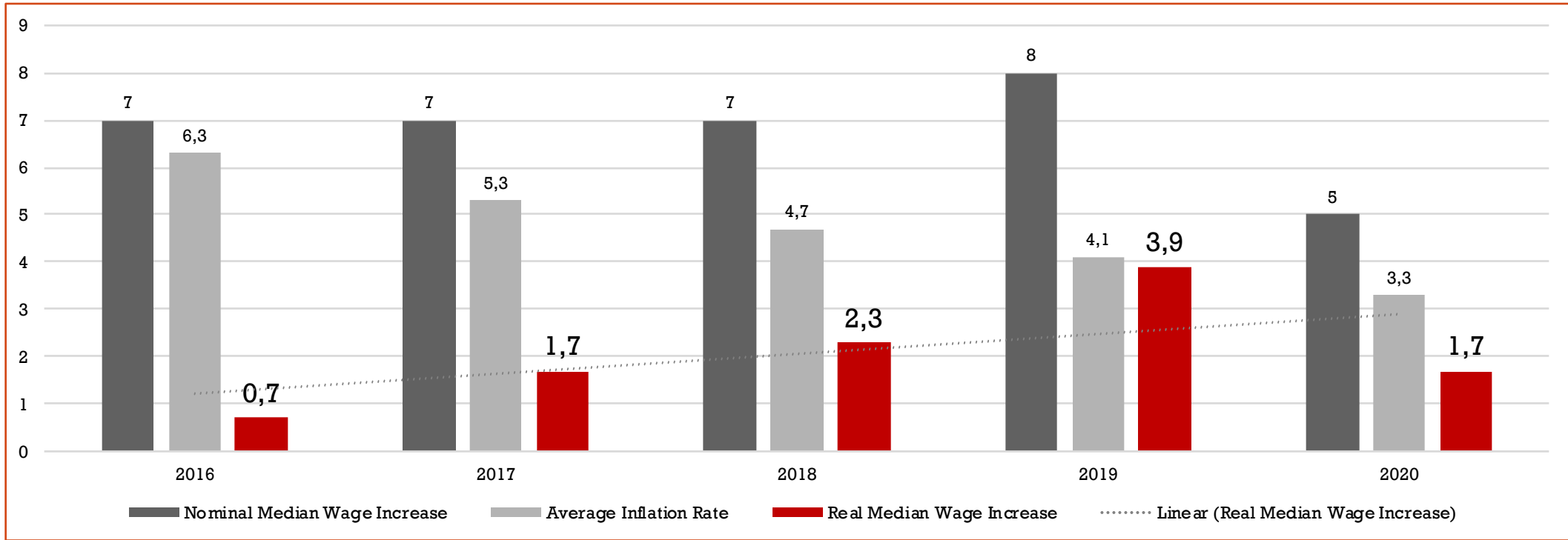


## CONSTRUCTION

### MEDIAN SETTLEMENT LEVELS, INFLATION AND REAL WAGE INCREASES 2016 – 2020

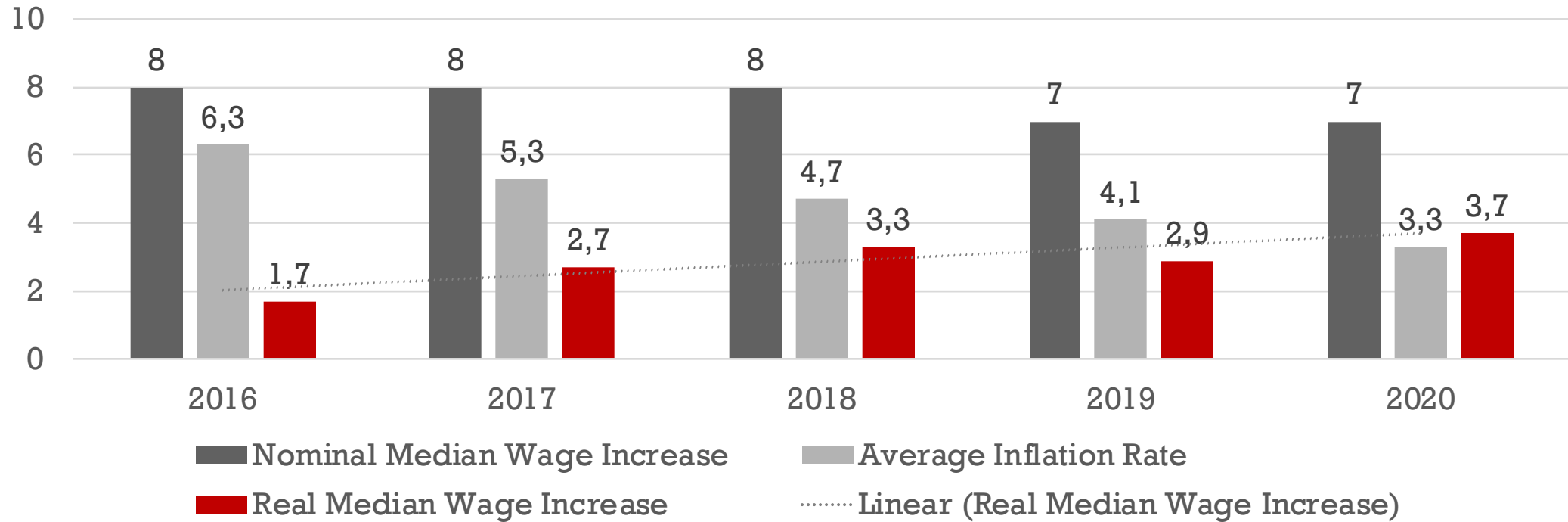


**ELECTRICITY, GAS & STEAM  
 MEDIAN SETTLEMENT LEVELS, INFLATION AND REAL  
 WAGE INCREASES 2016 – 2020**



## **FINANCE, INSURANCE, REAL ESTATE AND BUSINESS SERVICES** **MEDIAN SETTLEMENT LEVELS, INFLATION AND REAL WAGE INCREASES 2016 – 2020**

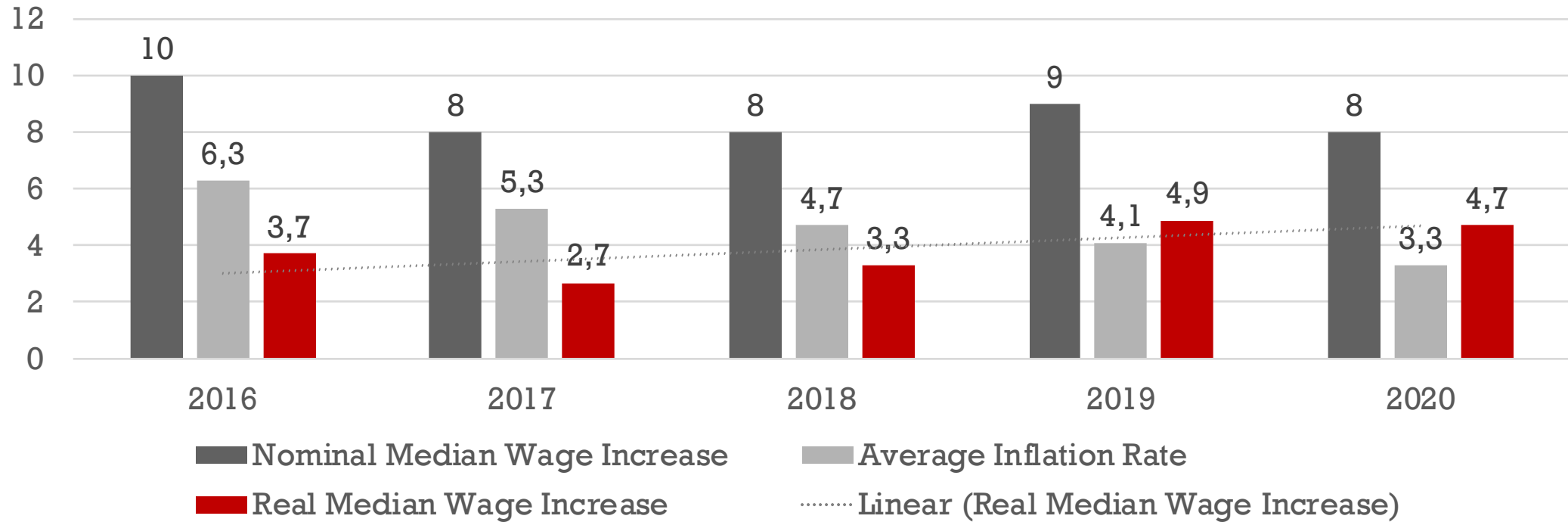




## MANUFACTURING MEDIAN SETTLEMENT LEVELS, INFLATION AND REAL WAGE INCREASES 2016 – 2020

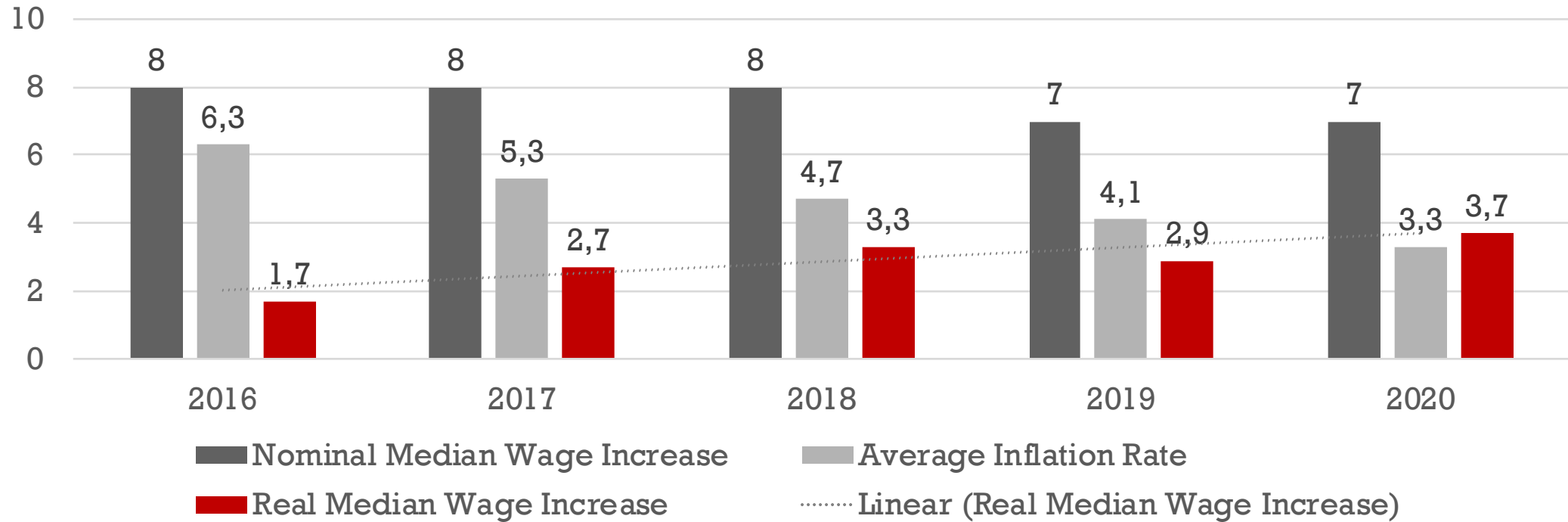


# MEIBC WAGE INCREASES, AVERAGE INFLATION, AND REAL WAGE INCREASES 2016-2020 (%)

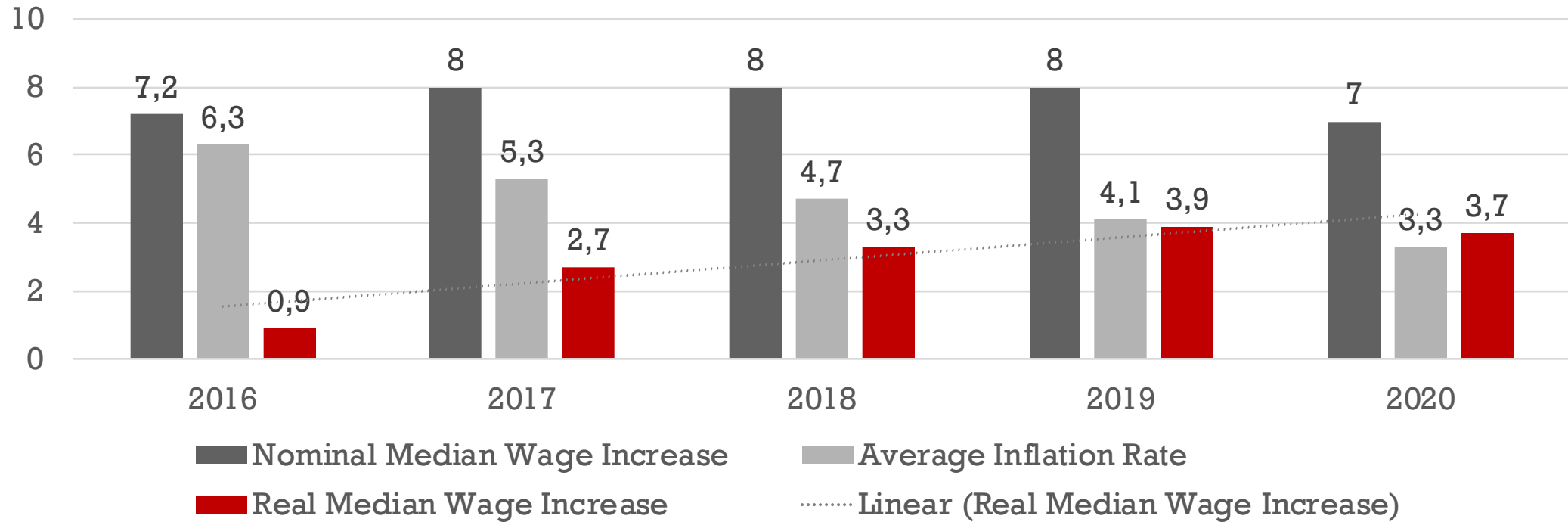


## **MINING & QUARRYING**

### **MEDIAN SETTLEMENT LEVELS, INFLATION AND REAL WAGE INCREASES 2016 – 2020**



## **TRANSPORT, STORAGE & COMMUNICATION** **MEDIAN SETTLEMENT LEVELS, INFLATION AND REAL WAGE INCREASES 2016 – 2020**



## WHOLESALE & RETAIL TRADE... MEDIAN SETTLEMENT LEVELS, INFLATION AND REAL WAGE INCREASES 2016 – 2020

# 2021 COVID-19

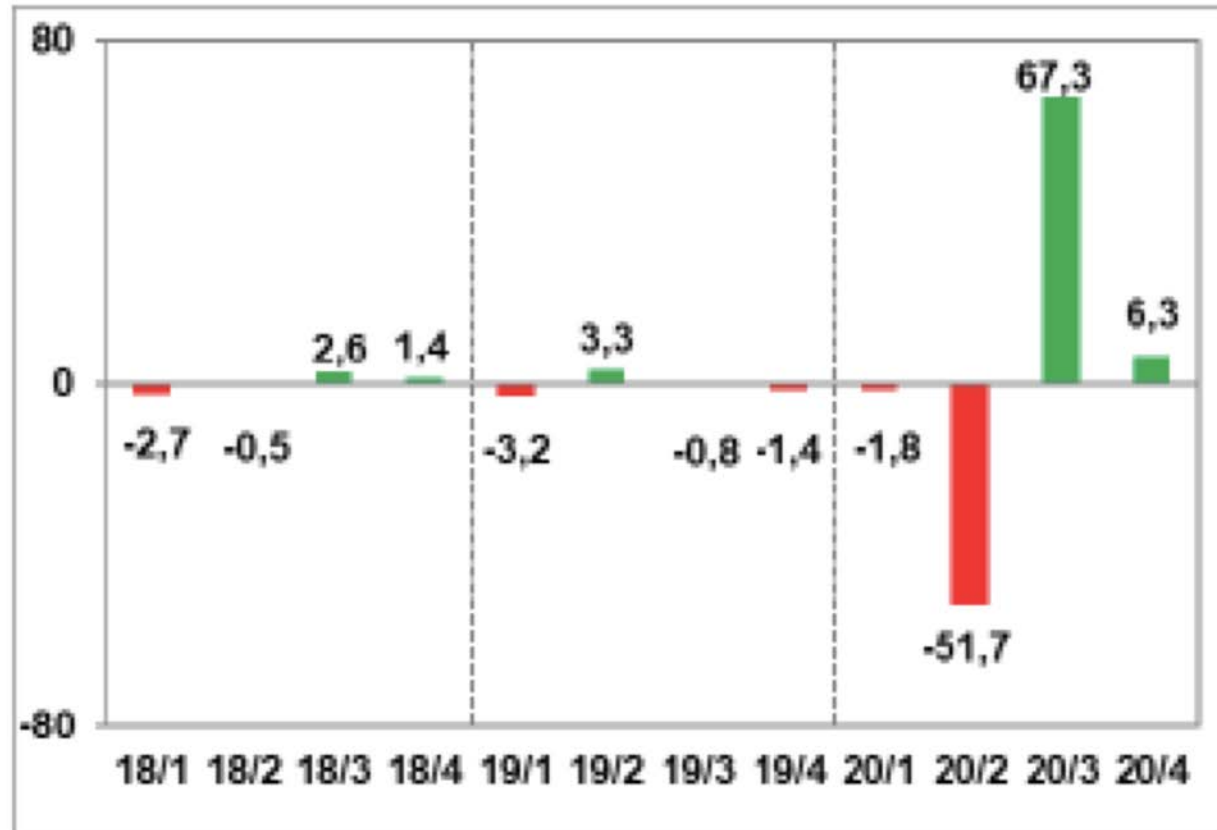
- The **South African economy** was not performing well prior to Covid-19 and the disruptions to both the supply and demand side of the economy brought on by the global pandemic made matters worse.
- Economic outlook is muted (-), although improvement off a low base is inevitable (+)
- Uneven industry experiences - from agriculture and retail (+) to Hospitality (-)
- The available evidence suggests that Covid-19 is not done yet (-)



# THE ECONOMY

- GDP has not recovered

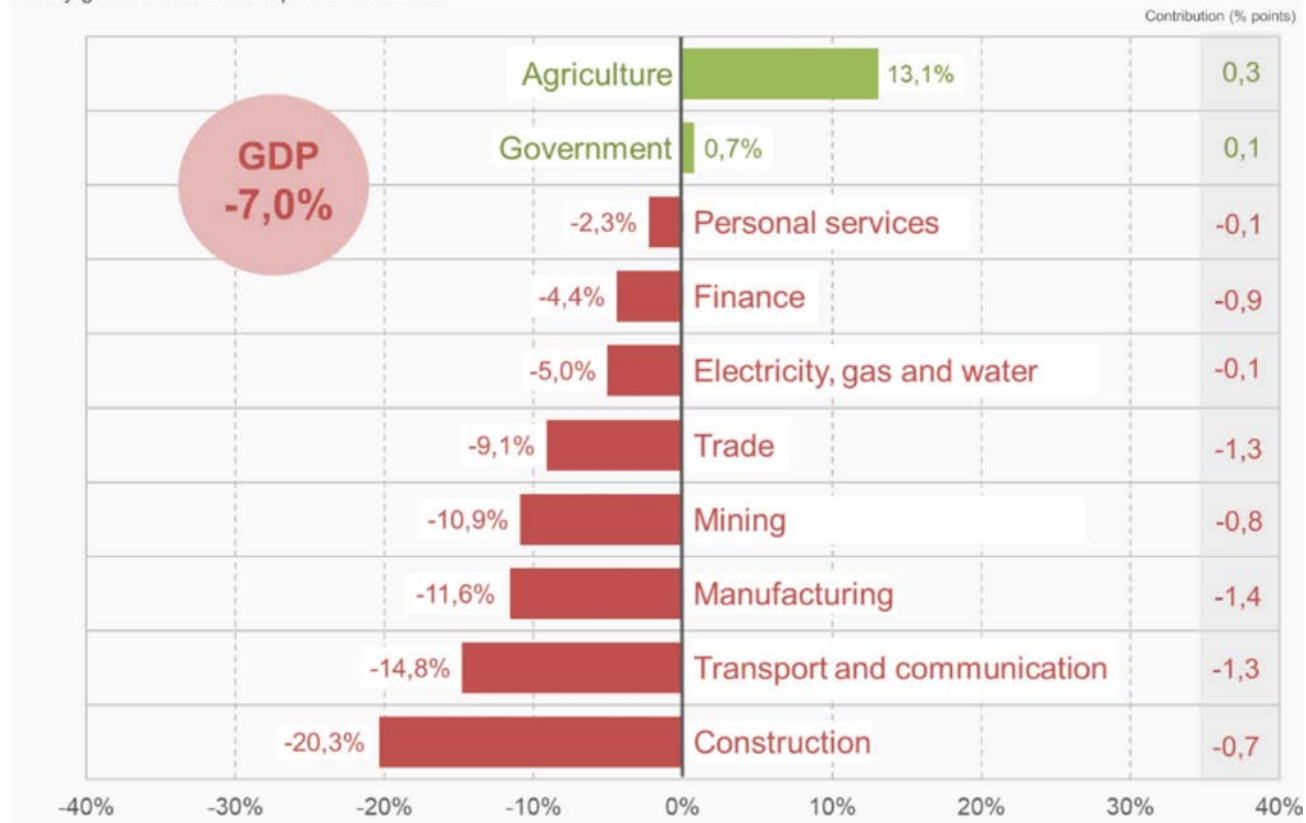
Figure 1 – Growth in GDP (%)



# THE ECONOMY

## Eight of the ten industries recorded decreased economic activity in 2020

Industry growth in 2020 compared with 2019



Source: Gross domestic product (GDP), 4<sup>th</sup> quarter 2020





# EMPLOYMENT

- All industries recorded job losses between the 4<sup>th</sup> quarter of 2019 and the 4<sup>th</sup> quarter of 2020. The net effect was that **employment contracted by 8.5% or about 1.4 million jobs.**
- The heaviest losses (by number of jobs) were recorded in Finance (256,000), Community, Social & Personal Services (241,000) and Manufacturing (230,000) followed by Trade (186,000) and Construction (184,000).
- The heaviest losses (measured by job losses as a percentage of total jobs) were recorded in Utilities (17.2%), Construction (13.7%) and Manufacturing (13.4%) followed by Mining (10.7%) and Finance (10%).



# EMPLOYMENT

- Job losses were recorded across all the **occupational categories**. The highest job losses (measured by % change) occurred in craft & related trades (-13%) and domestic workers (-11.5%). The plant & machine operator category recorded losses of -8.5% and so-called elementary occupations -9.8%.
- The heaviest job losses measured by numbers were in so-called elementary occupations (369,000) followed by Sales & Services (262,000) and Craft and Related Trades (247,000).
- Taken together, the job losses in the broader Manufacturing industry and in the Craft & Related Trades are **indications of a deteriorating industrial & manufacturing base** and should be of concern to policy makers.



# COVID-19 & COLLECTIVE BARGAINING WHAT ARE WE LEARNING?

- The notion of 'essential services' has been redefined and extended. Implicit in this is a **re-valuing of work**
- The pandemic made it clear that **informal economic activity** is vital to the livelihoods of many in South Africa. The trade union movement needs to accept and to work with the informal sector.
- **The ability of trade unions to communicate and organise in new ways**
- Trade unions themselves have been in lockdown.
- There has been an uneven uptake of online communication tools by the trade union movement in Africa.



# COVID-19 & COLLECTIVE BARGAINING

- The majority of workers are only able to access online information, resources and activities through a **mobile phone**. We must take this into account when developing and implementing **communications strategies**.
- **Technology does not implement itself**. The role of setting up, administering and facilitating each instance of online communications is important.
- The **information** needed to further develop trade union communication strategies is not always in place
- As the pandemic unfolds, there is a sense that bargaining has become almost **continuous**.



# COVID-19 & COLLECTIVE BARGAINING

- Shift to **working from home and remote work** will likely intensify
- **Lay-offs and retrenchments** will place a further strain on trade union representatively in some workplaces.
- **Health and safety** in the workplace are non-negotiable.



# THE PRESENT & THE FUTURE

- While 2020 appears to have presented us all with a new set of challenges, a closer inspection suggests many of these **challenges are familiar** to us already.
- Covid-19 and the responses it has provoked may have set new dynamics in motion, but mostly it is **interacting with established dynamics**.
- Chief among them is the ongoing **informalisation** of work, the **precariousness** that comes with this and **the challenges of organising and representing** workers under these conditions.





ALL BETS ARE OFF  
MORE PREPARED THAN  
EVER



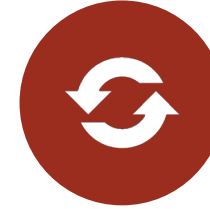
THE SHADOW OF  
SECTION 189  
WALK TOWARDS THE  
DANGER



EXPECTATIONS ARE  
LOW, BUT INDUSTRY  
PERFORMANCE IS  
MIXED  
“GOOD TIMES  
CLAUSE?”



NEW ISSUES  
LISTEN



CONTINUOUS  
BARGAINING &  
SUPPORT



DEDICATE RESOURCES,  
PREPARE & HAVE A  
PLAN



REPAIR AND DEVELOP  
COMMUNICATIONS  
WITH MEMBERS  
PLAN B?

# THE 2021 BARGAINING ROUND





## BARGAINING STRATEGIES FOR THE FUTURE

Developing our own knowledge base on the future of work

Negotiating for precarious workers

Looking and listening for new issues & new technology in the workplace

Technology for trade unions – Beneficiating our own resources

Communicating with members

Locating the company in value chains

Longer term bargaining strategies

What does the Africa Continental Free Trade Agreement mean for our sectors?



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**AMANDLA**

**AWETHU**

