

● INDUSTRIAL RELATIONS - GENERAL

1996

~~III~~ JANUARY - JULY

Labour poses problems for the new year

ET(BR) 3/1/96
BY CHARLOTTE MATHEWS

(132)

Johannesburg — Labour-related concerns have emerged as the greatest problems to be tackled this year, one which, in most respects, is set fair for prosperity, according to top economists.

Nico Czypionka, the chief economist at Standard Bank, said yesterday that his number-one concern for this year was labour peace, with two major issues being the trade union stance on privatisation, which was fairly confrontational and could do damage to the economy, and the legislation on basic conditions of employment.

"Several proposals, such as cutting working hours and a minimum wage could, if they materialise in the form favoured by some parties, affect confidence or investment and render us uncompetitive in many respects," he said.

Luke Doig, the economics and investments manager at Credit Guarantee, said that expectations were more of a problem than unemployment, but that the two were inextricably linked.

Benefits

"In 1995 and 1996 we have fairly robust growth expectations but is it feeding through to the ground? We have to boost the growth rate to something substantially over 5 per cent before we can really experience the benefits of the new South Africa," said Doig.

Nick Barnardt, a strategic economist at BoE Natwest Securities, said insufficient job creation as well as the deteriorating current account of

the balance of payments were major concerns. "Overall the situation is very bullish for the economy and the investment outlook is positive, making it hard to find black spots."

However, this growth was not creating employment, because many industries were raising productivity and mechanising.

Mechanisation stemmed from relatively high labour costs and uncertainty about new labour legislation and the power that unions would have in the future.

Even with his most optimistic growth forecasts Barnardt said the unemployment rate was unlikely to fall, but hoped that enough jobs could be created to absorb new entrants to the job market.

Decline

An additional concern, which related to unemployment, was the steady decline in the current account of the balance of payments over the past two years.

"With domestic demand feeding into imports, fewer local jobs are being created," Barnardt said.

Dennis Dykes, the chief economist for Nedcor, said the worst case scenario for this year would be a major political or policy mishap which could lead to an outflow of foreign capital. Much of the short-term capital inflows had supported the current account deficit and created a reasonable amount of liquidity which had sustained the rand.

If foreign investors took fright for any reason and withdrew their funds, higher domestic interest rates could follow and the rand could come under pressure.

NEXT month the National Economic, Development and Labour Council (Nedlac) will celebrate its first birthday. But just how much is there to celebrate? Is the "golden triangle" of labour, business and government losing some of its shine?

Nedlac executive director Jayendra Nardoo retorts that some journalists have been "reading Nedlac's last rites" ever since it was established. But those views more often than not reflect a mistrust of the principle of "corporatism" — the negotiation of economic policy by government, labour and business — rather than criticism of the way in which Nedlac functions.

It is possible to support corporatism and yet be critical of Nedlac. Is Nedlac playing the key role in shaping SA's economic future that seemed possible about a year ago?

Some sympathetic observers believe it is foolish to expect too much of Nedlac, and that criticism of the council is based on a rose-tinted view of what it is able to achieve.

They say the council is not really doing anything less than it should be doing. Others say Nedlac should have been the vehicle for important deals on major economic policy issues — but has not, although the situation could change this year.

Nedlac's one major achievement is the compromise reached on the new Labour Relations Act. But the successful negotiations were the exception rather than the rule. Important debates on the labour market, such as on minimum wages, are now taking place in the labour market commission. Its existence must surely dilute the importance of Nedlac's labour chamber. Also, deals on other important issues are being forged outside Nedlac.

One area where Nedlac could have had an important role to play was privatisation. The sale of state assets had been on the council's public finance and monetary policy chamber agenda. But the chamber did not really get to discuss privatisation, as it was decided that it should be debated at management committee level instead.

Government told a meeting of Nedlac's executive council at the end of November that it would meet labour to discuss privatisation in about two weeks from then. But be-

(132) BD 18/11/96

Passage of time robs 'golden triangle' of some of its lustre

GRETA STEYN

fore the scheduled meeting, Deputy President Thabo Mbeki made his announcement on the sale of state assets. Cosatu was angry about the timing of the announcement and saw it as a betrayal.

Subsequent talks to resolve the problem have taken place outside Nedlac. It is unclear to what extent further talks will take place through Nedlac this year, especially as it is a matter of government and labour must resolve between themselves — without business involvement.

The privatisation experience illustrates the fact that some major issues are best negotiated outside a centralised tripartite forum. Business people could have taken part in the privatisation debate, and might still do so, but they are bit players in the real drama.

A similar situation exists on competition policy, which will undoubtedly be one of the most hotly debated issues this year. In this case, labour's views will be a side issue, and government and business will fight it out.

At the same executive council meeting where the privatisation issue came up, government told business that detailed talks about new competition legislation would not take place in Nedlac. Trade and Industry Minister Trevor Manuel believes Parliament's sovereignty must be respected, and legislation should be dealt with there.

Now business is hoping a meaningful debate will take place before the parliamentary standing com-

mittee on trade and industry. They say Manuel's promise to table a summary in Nedlac on the principles of the new legislation is not good enough. It will be easy to agree on principles, disagreements will be on details, especially definitions.

Unlike privatisation and competition policy, the Budget is one area where all three social partners undoubtedly have a role in negotiations. These talks are taking place in the public finance and monetary policy chamber, yet to prove itself.

The public finance and monetary policy chamber has discussed the Budget's macroeconomic frame-

work. A vague accord was reached on the need for deficit reduction. Its importance is of symbolic value only; it lies in labour's acceptance of the need to reduce government's borrowing. But that is hardly a major breakthrough — the agreement will have no material effect.

Sources say one of the problems in the public finance and monetary policy chamber is that some business representatives want to push fairly radical ideas on deficit reduction and privatisation. The chasm between them and labour is so wide that a meaningful discussion is difficult. But this will have to change when the discussion gets down to brass tacks next month.

Business will probably want to see lower corporate taxes, financed partly by raising VAT, and a substantial deficit cut. Labour will want to avoid a VAT increase, and will want personal income tax relief and more social spending. Government will want to please all the people all the time, including foreign investors who want a lower deficit.

The real test will be when the VAT issue is raised, which is likely to happen next month.

The Budget discussion will not only be a major test of Nedlac's ability to negotiate major economic policy decisions, but also of its transparency. Nedlac's Budget discussions so far have not been made public. In fact, there was a hue and cry when figures already discussed in Nedlac were accidentally broadcast in Parliament, where they were

being presented to the standing committee on finance. It seems completely illogical, however, to allow some privileged economists to have access to information on government's thinking through Nedlac, while others are excluded because they are not part of that élite.

A criticism often levelled at corporatism is that it involves secret decision making by unelected élites. One way to bring decision-making closer to ordinary people is to make it completely transparent.

Government is to a large extent to blame for the lack of transparency. The executive council meeting at which it made vital information available on privatisation and competition policy was closed to the media. This had come as a surprise to the other Nedlac parties, who had not minded open discussions.

The relationship between Nedlac and the country's new democratic leaders is still a little uneasy. Nardoo acknowledges that the relationship with Parliament is an area needing priority attention this year.

Before SA became a democracy, policy was made by forums. But the new government does not want to rubber stamp decisions taken by an unelected advisory body. It is possible that Mbeki turned the privatisation announcement to make this point, to emphasise that government is in the driver's seat. Similarly, Manuel has made it clear that he is driving the changes to competition legislation. Negotiations will take place at a time and in a way that he decides.

Nedlac's evolution into a more important role player on the SA economic front will depend largely on how the Budget negotiations go, on how its relationships develop with government and how it interacts with the labour market commission.

A businessman said that the clash between government and the unions over privatisation reflected the fact that there was no common economic vision. This comment can also be made about the fight between government and business over competition policy.

It is unrealistic to have expected Nedlac to deliver a common economic vision after less than one year of its existence. But Nedlac has not yet proved that it will be a major force in arriving at that vision.



NAIDOO

No love lost in alliance relationship

Vuyo Mvoko

THIS week's two-hour work stoppages, pickets and blockades at parastatals marked for privatisation — though weak in impact — portend a difficult relationship ahead for labour and the ANC-led government.

For organised labour the events marked the beginning of a process of mobilisation against privatisation, a policy the Congress of South African Trade Unions says will benefit only the elite and result in job losses, but the government insists will benefit the economy, black empowerment and the Reconstruction and Development Programme.

Labour was forced into a public display of humility at its joint press conference with government on Monday last week, nearly retracting the more robust parts of its criticism of the government's privatisation plans. But

now government may be in for a surprise over its announcement that parts of Telkom, SAA, Autonet, Transkei Airways and Bop Air are to be privatised.

Jeremy Cronin, deputy general secretary of the South African Communist Party and member of the African National Congress National Executive Committee, insists labour "succeeded in slowing down the speed" of privatisation. Indeed, it looks like the South African labour movement is no longer willing to be a conveyor belt for what it sees as top-down government decisions.

The ambiguous nature of Cosatu's relationship with its alliance partner in government is demonstrated in the about-face of a tango they danced in the short space of a week. Last week the allies tried to play down their tiff, two days later Cosatu general secretary Sam Shilowa supported a flash strike by transport workers, a day later this

week's protests and a day-long national strike for January were being planned.

From the meeting with Cabinet ministers, labour emerged embarrassed and contained. Shilowa paradoxically told journalists that the three-hour meeting had been part of a pre-scheduled ongoing consultation process between the two parties.

When challenged by a reporter whether, had that been the case, all the furore could not have been avoided had government held back on the announcement of its privatisation plans until after this meeting, neither Shilowa nor Public Enterprises Minister Stella Sigcau wanted to reply. Then Minister of Posts and Telecommunications Pallo Jordan said the media "blew it (the disagreement) out of proportion" and got "carried away with itself".

Perhaps the media was the culprit — if only it was not Cosatu which had

expressed "shock and disbelief" at the government's announcement, if only Nactu had not said it would not sell its members out, and if the Federation of South African Labour Unions (Fedasal) had not spoken of a "ridiculous announcement".

If, as Cronin tried to explain this week, "labour (simply) became suspicious of the strategic approach of the government" — or that government "first had to make public their position for purposes of transparency" before entering into negotiations with labour — then perhaps we deserve explanation for government's monastic silence in the face of growing labour militancy.

Two days after the public kiss-and-reconcile session, Shilowa showed rage when he addressed an anti-privatisation rally organised by the South African Railway and Harbour Workers Union. A day later this week's action

and the January 16 24-hour strike was announced.

While Cosatu and the ANC, allies in labour and government, may have been born of the same liberation struggle, their interests are no longer synonymous. While it may be true, as Cronin argues, that the "priority mandate" of the ANC lies with the workers and the unemployed who voted for it, it is also true that very often governments attach greater weight to business interests. There is room for the "betrayal" of the workers.

Cosatu, on the other hand, may feel a lingering responsibility towards the RDP, its brain-child. Yet, just because the government is naming the RDP as one of the beneficiaries of privatisation, there is no reason for Cosatu to be cowed by this at the expense of disservice to its own membership.

Cronin, whose SACP seems to be carefully walking the tightrope, insists "there is no inevitability of a massive breakaway" in the tripartite alliance. Maybe so, but as Cronin himself admits "The alliance is not a love affair".

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M+C 22/12/95-4/1/96



POWER BREAKFAST Tito Mboweni and Bobby Godsell at Monday's briefing on the Freegold layoffs

PHOTO JOHN WOODROOF

Mboweni calls for briefings on labour

(132)
ST (BR) 24/1/96

By ROSS HERBERT

Johannesburg — Labour Minister Tito Mboweni called on mining and other industries yesterday to regularly brief a gathering of the ministers of labour, trade and industry, finance, minerals and energy affairs and Deputy President Thabo Mbeki.

Mboweni met Anglo American officials yesterday about the potential layoff of 10 000 gold miners. He had asked Bobby Godsell, the chief executive of Anglo's gold and uranium division, for a briefing, which took place yesterday over breakfast in Johannesburg. Mboweni said earlier that he been taken by surprise by Anglo's announcement of the possible closure of five mine shafts at its Free State Consolidated Mines (Freegold).

"We must not have a situation where the industry announces things that are a shock to us, and perhaps we shouldn't do things that are a shock to them," Mboweni said at the meeting.

Anglo American officials met with Labour Minister Tito Mboweni yesterday to discuss the potential layoff of 10 000 gold miners. Bobby Godsell, chief executive of Anglo's gold and uranium division, was also present. The meeting took place over breakfast in Johannesburg. Mboweni said he was taken by surprise by Anglo's announcement of the possible closure of five mine shafts at its Free State Consolidated Mines (Freegold).

Godsell will meet tomorrow with all Anglo's unions and mine management to discuss a turnaround strategy for loss-making mines at Freegold.

He said he agreed with calls by Kgalema Motlanthe, the general secretary of the National Union of Mineworkers, to extend open meetings between unions and management to healthy mines, on a regular basis.

The idea of high-level tri-partite briefings closely parallels the mining industry meetings that were held intermittently from 1991 until the Leon commission

inquiry into mining health and safety began in 1994.

"I agree with Kgalema that the mining summit could have made a huge difference to the mining industry — it should have carried on," said Godsell.

He described Mboweni's call for ministerial briefings as "a useful initiative".

However, the Chamber of Mines would not comment on Mboweni's suggestion without formal details, the chamber's spokesman Llewellyn Kriel said. There were already "quite a number" of tri-partite forums, he said.

Unknown union group demands to see Mandela

Labour Reporter

A NEW and unknown federation of trade unions, claiming it represents about 300 000 workers, has threatened action if it is not granted a meeting with President Mandela over the Labour Relations Act

The Act was extensively debated in the National Economic and Development Council (Nedlac) by organised labour and business. But the Congress of Independent Worker Organisations (CIWO) claims it has never been consulted and that trade unions in CIWO are not represented in Nedlac.

CIWO said many aspects of the Act were unacceptable to it.

These included issues of freedom of association and recognition of minority trade unions.

Louis Roux, a spokesperson for the organisation, said it consisted of 18 minority trade unions ranging "from the far left to the far right".

Two of the trade union groups affiliated to CIWO are the United South African Trade Unions — a federation comprising 16 trade unions, and the South African Iron, Steel and Allied Industries Union, an affiliate of the white South African Confederation of Labour

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ON FEBRUARY 18 last year the major stakeholders in SA's economy got together to launch the National Economic, Development and Labour Council (Nedlac) as the organisation through which they would seek to co-operate, through negotiation, on economic, labour and development issues, and the related challenges in achieving growth, equity and participation.

Eleven months later, Greta Steyn ("Passage of time robs 'golden triangle' of some of its lustre", Business Day, January 18) questions whether Nedlac is playing the key role in shaping SA's economic future that seemed possible about a year ago. She asks three critical questions: what is the relationship between Nedlac and other institutions, especially Parliament? Are substantive agreements being reached at Nedlac, or is the success of the Labour Relations Act the exception rather than the rule? And is there sufficient progress towards forging a common economic vision?

In responding to these questions, I argue that it is important not to judge Nedlac's fate prematurely. It is a young institution and it is, like many new institutions, still evolving its role.

How Nedlac tackles the tasks before it determines whether or not it succeeds. From the brief period of its existence, Nedlac's prospects must be regarded as positive.

When the social partners in Nedlac — labour, government, business and community organisations — affixed their signatures to the Nedlac founding declaration, they associated themselves with an idea which, in some European countries, is a century old but which in SA, with its long history of arbitrary and unilateral decision-making, is still relatively new and untested.

For the first time, community organisations, organised labour and organised business have a direct say in all labour legislation, and all significant economic and social legislation to be tabled in Parliament by government.

This co-operation is also a reflection of the fact that power and control over economic resources in SA is distributed among these key con-

How Nedlac tackles the tasks it faces will determine its future

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JAYENDRA NAIDOO

stituencies, and it requires the cooperation of the different players in Nedlac to ensure a successful social and economic transition.

During the past year, Nedlac's relationship with policy discussions (such as those in the labour market commission) and the legislative process — specifically Parliament — has attracted some debate.

Does a robust and active Parliament undermine the multipartite process as Steyn suggests? And indeed, does the active involvement of labour, communities and business in policy making undermine Parliament?

Participatory democracy in SA suggests a policy-making process which engages those affected by such policies more frequently than an election every five years. The Nedlac process deepens democracy by bringing the social partners, on a continuing basis, into the policy-making process. It is, however, clear that a lot more thought should be given to the relationship between Parliament and Nedlac to ensure a complementary relationship which assists the legislative process and ensures that when Parliament legislates, its laws are well understood, accepted and implemented by the key players in our society.

This matter is a high priority for Nedlac this year.

Similarly, Steyn suggests that the establishment of a presidential commission on labour market policy

points to a weakness in Nedlac. On the contrary, the commission strengthens the policy-making process for all parties by putting forward information and proposals for consideration by the decision makers. Surely, if we are to restructure our economy fundamentally, a variety of well-considered policy inputs is required? The labour market commission was conceived at the same time as Nedlac, as a complementary institution. The commission follows a tripartite style and interacts with the relevant Nedlac chambers.

This is evidence of a rich and active policy-making environment. Nedlac's chambers are not prevented from dealing with any of the issues the commission is investigating, and the commission's report, once it is available, will be tabled in Nedlac for consideration.

The fact that the commission has taken into account submissions from labour, business and other role players should be considered a source of strength in the process, and should assist agreement-making in Nedlac.

The second question relates to whether substantive issues, other than the Labour Relations Act, are being dealt with at Nedlac. Nedlac's four chambers (labour market, trade and industry, public finance and monetary policy, and develop-

ment) have a full programme of negotiation aimed at agreements and new legislation, including negotiations on a new package of support measures for industry, the Budget framework and a revised taxation system, a new Basic Conditions of Employment Act, and an urban and rural development programme. Numerous other issues are also on the agenda. Considerable preparatory work has already taken place on several issues. These negotiations will be a crucial test for the Nedlac process and the four social partners. The coming months will test the commitment of the partners to a multipartite approach, as well as their ability to handle complex issues while balancing a range of interests. In this sense, the true value of the Nedlac process is still being tested, and the coming year will be critical for developing the emerging multipartite culture.

If nothing else, the recent uproar over restructuring state assets proves the need for careful consensus-building to avoid costly conflicts. The Nedlac process offers SA a different path, the path of substantive consultation, agreement-making and joint implementation.

Finally, we agree with Steyn when she says that the key task ahead is to develop a common economic vision. Nedlac is actively pursuing that goal. On October 18 last year, the Nedlac secretariat released a discussion document in-

tended to stimulate the debate on a strategic framework for agreement-making in Nedlac, exploring the possible accord(s) for economic growth and development — in other words, a "common economic vision". This is being taken forward by a process leading to a high-level debate in March, and culminating in Nedlac's annual national summit on May 11.

A common economic vision is not based on abstract philosophical notions. It has to be grounded in fairly concrete programmes which directly and meaningfully affect the realities experienced by South African SA. Such an outcome will require major commitments from each of the "social partners".

It will be achieved only if each constituency is bold enough to work towards longer-term targets and is prepared to consider, where necessary, the need for specific shorter-term trade-offs to achieve this vision.

It is clear that all constituencies regard this as an important project. In fact, Deputy President Thabane Mbeki, when he addressed a government development-planning summit meeting in November last year, identified Nedlac's work towards a social accord as one of the key endeavours of government.

A common vision and programme remains a tall order. It will have to combine a number of key requirements. This means promoting long-term stability while meeting immediate needs, and improving quality of life in a competitive investment climate.

It also means creating new jobs and raising living standards without threatening the gains made by organised workers over the years.

For the Nedlac process to address these challenges requires government, business, labour and community to be well co-ordinated internally and to seek fairly bold outcomes.

In the final analysis, Nedlac is simply a highly structured and coordinated negotiating forum. Its success or failure rests entirely on the ability of its social partners to reach decisive agreements.

□ Naidoo is executive director of Nedlac.

Municipal unions negotiate landmark deal with CMC

□ Agreement based on new Labour Act welcomed by all parties
 ARG 5/2/96 (132) (22) (20)

ESTELLE RANDALL
 Labour Reporter

A LANDMARK agreement, based on provisions in the new Labour Relations Act was signed today between the Cape Metropolitan Council and municipal trade unions

The agreement grants far-reaching shop steward and trade union rights which have been welcomed by both unions and employers

The agreement was signed by the South African Municipal Workers' Union (Samwu), the South African Association of Municipal Employees (Saame) and the South African Local Authorities and Allied Workers' Union (Salaawu)

Mark Tinker, head of the Cape Metropolitan branch of Samwu, the union which initiated the agreement, said it was an advance for the public sector

Willie van Schoor, Cape Metropolitan Council chairman, said the council was "very satisfied with the outcome of the shop stewards' rights agreement which we view as a major accomplishment for the public sector"

Among the rights provided by the agreement are that unions may have one shop steward for every 10 union members, one full-time shop steward for every 1 000 members, company-provided union offices and equipment and five paid working days off for shop steward training

Executive members of the unions will also have one day off a month to attend to union business and the unions will be able to hold annual general meetings during work hours

The Cape Metropolitan Council will introduce a training programme for line managers and supervisors to familiarise them with the agreement



BREAKTHROUGH: The Cape Metropolitan Council and three trade unions today signed an agreement granting significant rights. Front row from left are Co-chairmen of the staff committee, city councillors Neil Ross and Judy Sibisi with Alex Cannemeyer of the South African Local Authorities and Allied Workers' Union. Back row from left are Mark Tinker of the Samwu, city councillor S G Ngqwebo, H Keyser of the Saame, David Diall Exco head, Willie van Schoor chairman of the CMC and councillor FH Conradie.

Picture ANDREW INGRAM The Argus

Vacant cabinet posts put the pressure on NP

CLIVE SAWYER
 Political Correspondent

PRESSURE is mounting in the National Party for black members to be appointed to vacancies in top NP-held posts in the cabinet and parliament

After the party disclosed details of its vision for the NP's role in a possible political realignment, insiders fear repercussions if members of the old guard are appointed to the posts

NP leader F W de Klerk has indicated that a reshuffle of

some NP-held portfolios is on the cards, probably within the next two weeks

The job of deputy-Speaker of the national assembly — vacated by Bhadra Ranchod, who is to take up an ambassadorial posting — could go to Mpumalanga senator David Malatsi

Mr Malatsi, one of the youngest NP MPs, speaks seven languages and is regarded by backers as having the presence required to deputise in the chair of the house

His appointment was regard-

ed as a likely prospect until the announcement of the departure of Roelf Meyer, Minister of Provincial Affairs and Constitutional Development, to become the first NP secretary-general, prompted a fresh round of speculation in the party

It is regarded as even more vital for the party to nominate one of its black MPs to a cabinet post

The party could dip into its pool of provincial MPs in its

quest for a black candidate

The party may also use the opportunity for some reshuffles at provincial level, possibly moving P W Saaijan to the leadership job of the Northern Cape NP, to replace national Agriculture Minister Kraai van Niekerk

If Mr De Klerk chooses to pick a new minister from the Nat establishment, and possibly to avoid allegations of appointing a black person merely out of tokenism

ARG 5/2/96

Undercutting people power in office and factory

Stars 12/96

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THYS DULLAART

The contracting out of labour on a freelance basis is a growing trend. This has serious implications for workers and unionism Glenda Daniels reports.

South Africa is following the world trend towards contracting out labour and employing people on a freelance basis.

Some experts see this as an irresistible move by big business, designed to undercut the power of the unions. Others say it is essential if South Africa is to become globally competitive.

Johannesburg labour lawyer Anton Roskam says that the trend rationalises operations for employers but weakens the collective bargaining powers of unions.

The trend is particularly strong in big companies, he says. Right now, he is dealing with an increasing number of such cases in the transport and running industries.

"Unfortunately, unions appear to be in a weak position to fight the trend effectively," Roskam says.

He cites two examples. A transport company recently sold off a whole division to another company. The employees still wear the old uniforms of the previous company, yet they are not able to be union members, with their former colleagues.

If a truck driver is paid per haulage, he loses out on holidays and sick leave. The driver can also lose out on medical aid and sometimes even the year end increases which unions negotiate. Being

contracted out means that a worker is not protected by the Labour Relations Act, as it stands, says Roskam.

Contract labour means that the terms of working conditions change without consultation. Under such circumstances, Roskam says, workers often lose pensions and other benefits.

Roskam cites another example, this time in a gold mining company. A section of the company believed hostels should be sold off to another company. In this way, the mining company would absolve itself of all responsibility for living conditions or any political instability, says Roskam.

"Even though the company themselves built the hostels, the attitude now is running, not accommodation, is our business," says Roskam.

These days secretaries are also faced with the issue. More and more advocates' secretaries, for instance, are being paid per typed page, rather than a full-time salary. In this way, overheads are reduced.

Besides selling off divisions, the trend is also happening at a more general level. When individuals join a company, they are asked to sign a contract for a year, which might not be renewed. Employees do not receive the usual benefits, such as medical aid and pension schemes. And often,



Living in hope .. experts say the new Labour Act could mean less hostility between workers and bosses. Others are not so certain

Roskam says, because they are employed on a contract basis, they are scared to put a foot wrong.

Contract labour has enormous advantages for companies, he says. They take on less responsibility for fewer employees. This means that companies can terminate contracts more easily. Also, unions can lose members, which weakens them.

Roskam says that there is job insecurity when workers know their contracts can be terminated at any time. This makes a worker

on contract, less likely to join in union activity.

But there is a downside for companies, he says. If there is a lot of job insecurity, it is bad for production and there is less loyalty to a company.

Unions, he says, are keen to fight contract labour but the law as it stands at present does not favour them.

But there is hope, he says. With the amendments to the Labour Relations Act (LRA), due to be implemented this year, the situation should change so that

there is more protection for workers, he says.

For instance, there is a clause which suggests a company has to go through a fair procedure, before it decides not to renew a worker's contract.

The spirit of the new LRA is to create a less hostile climate in the workplace, with more co-operation between employer and employees. The points, to reach reasonable joint decisions, with harmony and less hostility.

So, by engaging in contract and casual labour, companies are

actually acting against the spirit of the new LRA, Roskam says.

Labour consultant Duncan Innes of the Innes Labour Brief disagrees with Roskam on the potential power of the new LRA. He does not believe that the new LRA will make much difference.

"The trend in contract and casual labour in South Africa is part of a world trend. Companies are under pressure to become more streamlined. They have to be globally competitive. It seems inevitable that the trend will grow," Innes says.

POLITICS

Nedlac to resume talks

Sowetan 20/2/96

(132)

By Abdul Milazi
Labour Reporter

THE National Economic Development and Labour Council (Nedlac) today resumes its exploratory talks to develop a strategic framework for social partnership, which is aimed at bringing together labour, business and Government

Labour, business and government will also report back on ideas they are developing regarding priorities, targets and mechanisms to achieve them

Nedlac spokesman Lomni Saayman said several agreements and decisions had already been reached on the implementation of the Labour Relations Act, the establishment of a fund to assist small businesses, the green paper on employment standards and codes of good practice.

"The executive council has mandated the management committee to finalise, in consultation with the Labour Market Chamber (LMC), all matters relating to the Labour Relations Act," said Saayman

An agreement was also reached on the establishment of a competitiveness fund. This would be used for providing technical and marketing support to small, micro-

and medium-sized enterprises

This fund would be administered by a body comprising representatives from labour, business and Government, which would determine who gets the finance

The green paper on employment standards, relating to the Basic Conditions of Employment Act and Wage Act, was made public on February 13 and would be tabled at the LMC on Thursday

"It is intended that a final report on the green paper negotiations will be tabled at the April 25 executive council meeting," said Saayman

Final report

A final report on proposals on codes of good practice on picketing and dismissals would be tabled in April, he said

The LMC has recommended that the main seat of the Labour Court should be Johannesburg with additional seats in Cape Town, Durban and Port Elizabeth.

Nedlac and the Judicial Services Commission have invited nominations for a judge president and deputy judge president of the Labour Court, while nominations to the Rules Board of the Labour Court would be tabled at the LMC on Thursday.

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DT 08/2/96

Unions challenge SA Foundation strategies

Labour tables its blueprint for the future

BD 2/4/96 (132)

Renee Grawitzky

ORGANISED labour has called for a review of trade and financial market liberalisation policies, the raising of corporate taxes, ensuring the role of the state in economic activity and the strengthening of unions and maintenance of labour standards.

Following similar initiatives by government and the SA Foundation, Cosatu, the Federation of SA Labour Unions and the National Council of Trade Unions yesterday released their framework for an alternative economic vision, titled social equity and job creation — the key to a stable future.

Cosatu general secretary Sam Shilowa said the document outlined labour's priorities and positions to guide debate and possible areas of agreement within the National Economic, Development and Labour Council (Nedlac). It was not a response to the SA Foundation's growth for all document. However, it challenged a number of the foundation's strategies and claimed it was an attempt to reduce the capacity of the state to "moderate the use of market power", weaken trade unions and divide society, "strengthen the wealthy and reduce the prospects of negotiated agreements on the key challenges facing society".

Labour cautioned government and business yesterday that to achieve the

"economic miracles" of the East Asian countries some level of state intervention was required to ensure growth. Market deregulation was not necessarily a recipe for faster growth.

Labour proposed six (instead of the foundation's five) policy pillars: promoting social equity through job creation; redistributive fiscal policy; breaking up economic concentration; promoting worker rights; building industrial democracy; and steps to promote equity and economic development globally.

Among the most controversial proposals are an increase in secondary tax on companies; a "super tax" on luxury goods; no VAT on any basic foods, medicines, water, domestic electricity or education; a 55% tax on annual income above R200 000; and a capital gains tax. The document noted a shift away from corporate tax. In 1970 47% of income tax was derived from companies; by last year the figure was 14%.

Labour opposed a sharp reduction in the budget deficit as this would bring deflationary pressures and would slow economic growth and job creation. Italy and the UK, with higher deficits and lower unemployment levels, did not reduce their deficits because of the effect it would have on unemployment, the unions said.

Continued on Page 2

Labour

Continued from Page 1

The document called for moderation of "restrictive monetary policies" followed by the Reserve Bank to stimulate economic activity and job creation.

On job creation, labour proposed the intensification of public works programmes with the possibility of creating 550 000 jobs, directly and indirectly, by building 300 000 houses over three years.

The funding of such a programme would be shared jointly by labour, government and business through a 5% levy imposed on company pre-tax profit over three years.

Labour's convener at Nedlac, Ebrahim Patel, said workers would contribute to job creation with the introduction of a prescribed invest-

ment requirement on pension and provident funds, the life assurance industry and the assets of the Public Investment Commissioners of 5% of funds in special government bonds to finance RDP projects.

Patel warned that organised labour was also prepared to take a number of commitments — which should not be seen "in terms of trade-offs" — to negotiations on future economic policy.

Workers would commit themselves to an agreement on production increases and to give up some lucrative income obtained through overtime worked to facilitate job creation.

Labour had proposed a "worker rights index" for companies tendering for public contracts. This would require companies to spend the equivalent of 4% of their payrolls on training if they were to qualify for tendering.

Picture: Page 4

Inequalities highlighted

By Abdul Milazi
Labour Reporter

ORGANISED labour yesterday released a social equity and job-creation policy document aimed at addressing social and economic inequalities in South Africa

Labour's chief negotiator, Mr Ebrahim Patel, said if implemented the proposed plan could create between 350 000 and 550 000 jobs and build at least 300 000 houses for the homeless

The document, compiled by South Africa's three major trade union federations – the Congress of SA Trade Unions, the National Council of Trade Unions and the Federation of SA Labour – has identified key issues such as mass housing programmes and the redistribution of wealth as the only way to

achieve social equity in the country

It also says the reduction of the vast inequalities in society should include the eradication of poverty, promotion of worker rights, increased employment and the provision of basic infrastructure for all citizens

According to a survey by the Human Sciences Research Council, the poorest of South African households (40 percent) earned less than six percent of the country's total income, while the richest (10 percent) earned more than half the total income

The survey further revealed that while Africans made up 76 percent of the population, their share of income amounted to only 29 percent of the total income

A recent study by the Key Indicators of Poverty in South Africa rated

the country as among the highest with income inequality in the world

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UOSATU general secretary Sam Shilowa claimed this week that labour's economic blueprint was not a response to the SA Foundation's Growth for All document. But the unions' paper is peppered with angry references to the business proposals. After reading both reports, one is left with a sense of a yawning chasm between the two parties.

Labour's document accuses business of "complacent arrogance". It attacks Anglo American Corporation with all guns blazing, quoting a Financial Times report in 1992 that Anglo executives are "polished Oxford-educated courtiers, for whom relations with the Oppenheimer family matter more than commercial ability". In an apparent reference to Anglo chairman Julian Ogilvie Thompson, the document says business is able to "wheel out any number of ageing 'captains of industry' and well-paid economists to provide standard sound bites".

Ogilvie Thompson played a high profile part in the release of the SA Foundation document. Despite Shilowa's claims to the contrary, it seems clear that labour's proposals are a response to business's plan — a very angry response.

An economist can easily tear holes in labour's package. It contains some quaint old ideas such as a "buy South African" campaign, and alarming ones such as higher corporate taxes and a proliferation of luxury taxes. There is no sense of an understanding of macroeconomic balances and the focus is too firmly on redistributing wealth rather than creating it.

The SA Foundation's document is weightier and prettier, but equally predictable and not without some big holes either. Nevertheless, both make points that deserve to be taken seriously.

The point in labour's document that deserves the most attention is its call to "end the apartheid wage gap". The unions launch a strong at-

Rival policy papers show gap between business and labour

(132)

GRETA STEYN

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Business, for instance, argues the beauty of privatisation by drawing mostly on worldwide examples from the telecommunications industry such as British Telecom. It ignores the fact that water privatisation in Britain led to a surge in consumer charges and a belief that the quality of service had weakened.

Labour latches on to European figures in its section on fiscal policy and points out that Britain has been running budget deficits of 7% and Italy more than 11%. It notes SA's debt-to-GDP ratio of about 56% is much lower than the average of 72% for Organisation for Economic Co-operation and Development countries — "societies not undergoing an RDP". Of course, labour ignores the fact that most of these countries are working hard to bring down their deficits, not only to meet the Maastricht criteria, but also because their government finances are already stretched to the limit. It looks at selected fiscal indicators without taking into account other factors such as interest rates, savings rates and the age of the population. It also ignores emerging market trends.

Even though the analysis is hardly rigorous, labour's views on the fiscal deficit are nevertheless a small beacon of light in the darkness of its macroeconomic view. It accepts the need for a reduction, and says: "The deficit reduction process needs to be carefully managed."

Business's view on the deficit is one of the areas in Growth for All that deserves criticism. It fails to recognise practical realities: reducing the size of government while retaining skilled personnel will initially cause the deficit to rise as salaries increase and retrenchment payouts are made. The deficit will fall in future fiscal years, after staff cuts have taken effect.

Neither labour nor business has presented anything like an economic policy "package". Both have made valid points, but these might be burned in the mud-slinging.

One of the holes in Growth for All is its claim that 1-million jobs can be created in three years if wages are low enough — R700 a month. It would be interesting to see the model on which those figures are based, but that has not been made available. It is patronising to approach the unemployment problem in such simplistic terms.

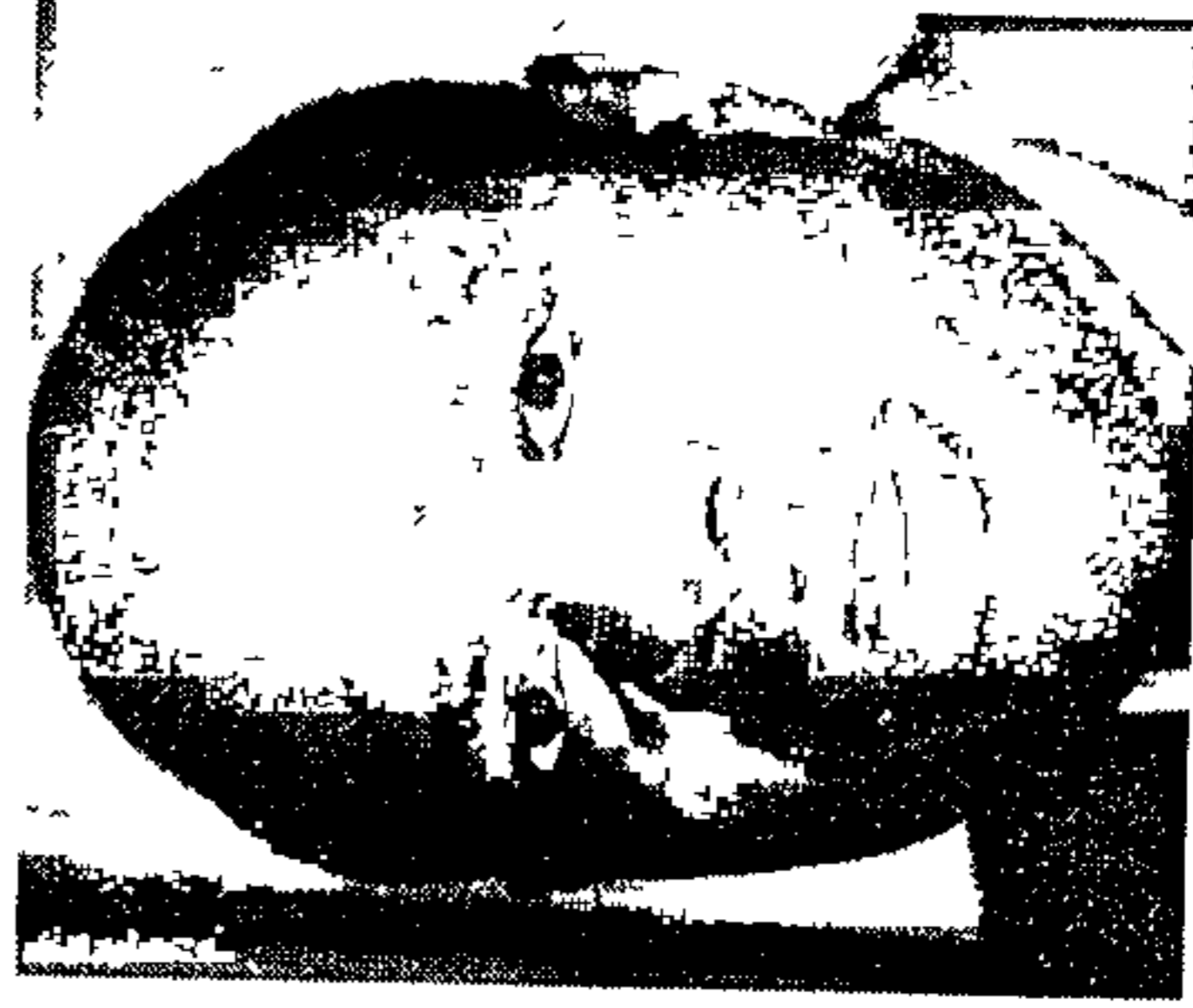
The debate about labour costs and productivity in SA has focused almost exclusively on blue collar workers, as if the effectiveness of management cannot be questioned. But US corporate reform has seen entire layers of middle management removed. The SA debate should be broadened to include white collar workers.

The union movement argues that "an incompetent managerial layer grown fat in the apartheid years" is one reason for the country's productivity problem. Even though that description rankles, SA needs to examine whether it might not be true.

The business and labour approaches to economic policy are as different as chalk and cheese, but they have one thing in common: both selectively use country case studies to make their points.

years of experience in the industry, currently earns R276,50 a week in Johannesburg.

One is reminded of Ogilvie Thompson waxing lyrical at the launch of the SA Foundation document about the low wages accepted by diamond cutters in India, which he had just visited.



SHILOWA

tack on the claim that SA's labour is "too expensive" — a constant refrain when the country's competitiveness is debated. The labour movement argues that it is management that is excessively expensive. It attacks also the secrecy surrounding executive directors' remuneration and calls for this information to be made public.

Using information from annual reports, the document arrives at figures for average annual salary increases for directors that are nothing short of astonishing. Directors of AECI, for instance, got an average increase of 122% in remuneration, although profits fell 8%. In relation to the inflation rate, the increases mentioned here are in the stratosphere and take the salaries to well over R1m a year. One assumes that the document uses the latest financial year, although it rather sloppily does not say so.

The document says that many employed, unionised workers earn very low wages — in some motor industrial council areas, the wage is R405,29 a month. The average wage in the mining industry for a semi-skilled worker is R336,85 a week. A clothing sewing machinist, with 20

John Dludlu

THE SA Chamber of Business has criticised labour's recently unveiled economic blueprint, saying that its proposals were "highly prescriptive" and would undermine attempts to create jobs and wealth.

In its initial response to labour's plan, titled Social Equity and Job Creation — the key to a stable future, Sacob said yesterday the implementation of a number of the unions' proposals would impose severe restrictions on the ability of employers to conduct their labour affairs in a flexible manner.

"These measures are unlikely to contribute to job creation if they merely serve to raise employment costs, and could in fact have the opposite effect," it said.

Among others, the la-

Unions' economic blueprint 'too rigid'

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bour plan, released this week, called for an increase in secondary tax on companies (STC), a "super tax" on luxury goods, no VAT on basic foods and medicines, a capital gains tax and a 55% tax on annual income above R200 000.

Sacob said most of the tax reforms, notably on VAT and the STC, were contrary to the thrust of the Katz commission's recommendations which had been largely accepted by the parliamentary standing committee on finance. The unions appeared to have paid almost no attention to the important role small business should play in job creation, raising lev-

els of competition and increasing participation in the economy.

"The international comparisons offered by the unions in relation to the fiscal deficit fail to take account of the fundamental differences which exist between those countries and our own in areas such as population demographics, savings rates and infrastructural needs.

"The labour proposals fail to allocate any role to privatisation," it said.

A positive feature of the labour document, Sacob pointed out, was a commitment to the process of the National Economic, Development and Labour Council.

POLITICS

GROUP'S ECONOMIC STRATEGIES 'DANGEROUS'

Outrage at 'big boys club'

THE BRENTHURST GROUP, representing almost the entire formal economy, has upset unions and Labour Minister Tito Mboweni with its proposals. **BARRY STREEK** reports.

DISCLOSURES about an influential big business organisation, the Brenthurst Group, and its takeover of the South African Foundation to promote free trade as the key to economic growth has provoked a sharp reaction at union and cabinet level.

The three major trade union federations have described the group's strategies, released by the foundation as a "Growth for All" document, as "a well-financed and well-publicised campaign to cling on to their wealth".

Business organisations, particularly the South African Chamber of Business (Sacob), have been sidelined by the Brenthurst Group

Details about the group have been given in a report, The Empire

Strikes Back, by the monthly magazine, Millenium, in its latest issue

"They are galvanising their ideas and resources in the belief that for South Africa to succeed, the country must move away from its present dream of 'development' economics and concentrate instead on economic growth to drive its development requirements," Ingrid Uys wrote

She said the "powerful and discreet institution" came into play when President Nelson Mandela approached the country's foremost business leaders in 1994 and asked them to constitute themselves as a sounding board on macro-economic issues

The Brenthurst Group, named after the residence of its host, Mr Harry Oppenheimer, was formed



HOST: Mr Harry Oppenheimer

in response

Other members include Anglo American chairman Mr Julian Ogilvie-Thompson, Rembrandt Group founder Dr Anton Rupert and SA Mutual chairman Mr Mike Levitt "Their collective industrial power represents virtually the entire formal economy," Uys

wrote

The group has decided to revive the SA Foundation, under former ambassador to the European Union and former director-general of foreign affairs, Mr Neil van Heerden, as its vehicle

Details of the group's strategies have provoked widespread opposition Labour Minister Tito Mboweni described the proposals as "dangerous" He said the document had failed to address black advancement or the need for anti-trust legislation

The Congress of South African Trade Unions, National Council of Trade Unions and Federation of South African Labour Unions say in their document, Social Equity and Job Creation: The Key to a Stable Future, that high levels of economic concentration have a major negative effect on social equity. "The concentration of power .. limits the prospect of inclusive economic decision-making"

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Ways to end poverty

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The trade union movement is leading the fight to address the country's social and economic inequalities. Labour Reporter **Abdul Milazi** looks at its proposals for social equity and job creation...

ALMOST TWO YEARS AFTER South Africa embraced a democratic system of government, the country is still characterised by vast economic and social inequalities

This is the view of three major trade union federations, which released a policy proposal document on social equity and job creation at a Press conference this week

The document is the result of months of discussions between the Federation of South African Labour, National Council of Trade Unions and Congress of South African Trade Unions

At the Press conference, Nactu general secretary Mr Cunningham Ngcukana said the union movement must move away from shouting slogans and put forward concrete proposals on what should be done to correct the imbalances

Active promotion

He argued that the active promotion of social equity was the key objective of organised labour because many South Africans are poor, underpaid, unemployed and homeless – their basic needs are not being satisfied by the present economy

The document further charges that the country's economy is still in the hands of the minority, who acquired control over it through land dispossession and the exploitation of black people

"In more recent times business has engaged in speculative activities which have served to foster unproductive economic activities," the document says

"Instead of investing in plant, equipment and people, it has invested in shopping malls and huge glass and concrete towers as monuments to the sterility of the corporate and financial sector"

Glaring inequalities

The document quotes statistics from a survey by the Human Sciences Research Council, which reveals glaring inequalities

According to the HSRC survey, 40 percent of South African households earn less than six percent of the country's total income, while the richest – a mere 10 percent – earn half the total income

It also states that although blacks make up 76 percent of the population, their share of the total income amounts to only 29 percent. Whites, who make up less than 13 percent of the population, earn 58,5 percent

The survey points out that South Africa compares with Brazil in having the highest income inequality

In South Africa the poorest, who make up 53 percent of the population, account for less than



Cosatu's Sam Shilowa ... inequalities are the result of deliberate policies.

10 percent of total consumption, while the richest, a mere six percent, consume over 40 percent.

"Of the poorest, a third live in shacks or traditional homes and 80 percent have no access to electricity, 70 percent do not have tap water and more than 80 percent have no access to modern sanitation," the survey says

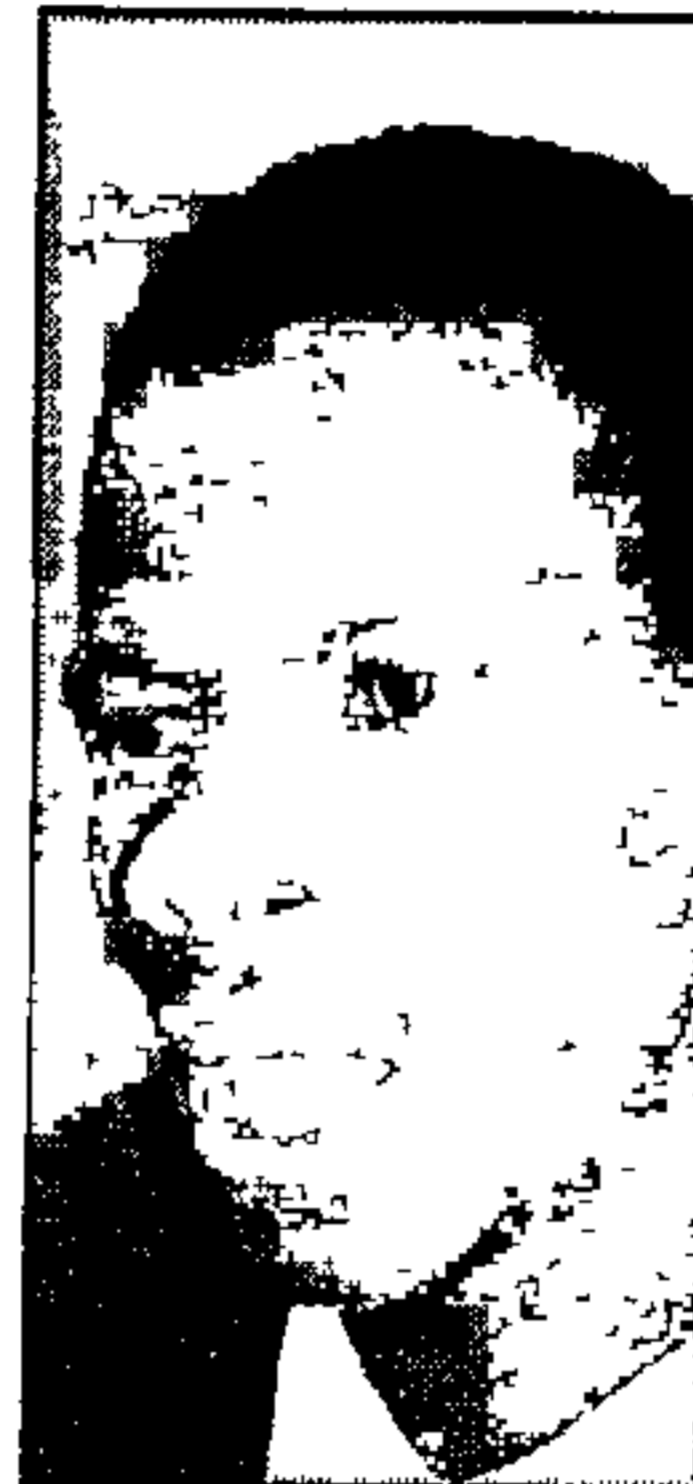
Cosatu general secretary Mr Sam Shilowa argued that these inequalities were not accidental, but the result of low-wage policies and deliberate policies of the old government to underspend on social services for blacks

He pointed out that economic growth can enhance social equity only when more jobs are created and when enough of the resources generated are ploughed back into the development of communities

The document points out that reducing inequalities should involve the redistribution of wealth, promotion of workers' rights, increased employment, development of people and the provision of basic infrastructure and services to all citizens

To advance these goals, the federations proposed that at least 300 000 houses be built each year for three years. They say such a programme would create between 350 000 and 550 000 jobs

The federations further propose the mod-



Nactu's Cunningham Ngcukana ... unions must move away from shouting slogans.

ernisation of the country's industrial base to foster job creation

They also propose establishing a National Restructuring Fund to finance the introduction of new technology and organisational assistance where companies are able to show increased production and the creation of new jobs

The federations also propose expanding the savings rate in South Africa as a means of financing new investment. "An important means of achieving this is through the promotion of savings levels from workers, through strengthened provident and pension funds"

A ban on overtime is proposed as well to ensure that more people are employed. "Not all overtime is able to convert into fulltime work; nonetheless, large numbers of new jobs can be created should overtime be cut," the document states.

It is also argued that the domestic market should remain the main focus of the output of local goods because it constitutes a major market where local producers have all the advantages of quick delivery

Domestic demand

"Instead of the current attempts to cut down domestic demand, we argue for wage and income policies which expand the local market for manufactured goods and services," states the document

In addition, the document argues that small-scale farming is important for the country's economic growth and requires land redistribution to the poor

The federations further propose a reduction in Value-Added Tax because it applies to the poor and unemployed equally

The document argues that a recent study by the Finance Department shows that the very poor pay 9,1 percent of their income on VAT, while the wealthy pay between 5,04 and 5,5 percent.

Another proposal is that much of the country's budget should be redirected towards services and infrastructure for the poor

Whether these proposals will work in the present economic climate remains to be seen

Inside labour

Cosatu 'fails to consult members'

BY TERRY BELL

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Cosatu's official alternative economic strategy document, tabled this week, was never referred to its affiliates. It was drawn up by specialists, discussed by the executive and decreed the official position.

The government's municipal infrastructure investment framework document was also drawn up by specialists, approved by the now-disbanded RDP office and released to stakeholders. The RDP office admitted to trade union representatives that the document was not an official position but "a discussion document".

These two documents are the latest shots in the battle to determine future economic policy for South Africa. How they were drawn up gives a clear indication that this battle is being fought in an increasingly rarefied atmosphere. Teams of specialists undertake the work, commissioned and sanctioned by executive committees.

It could be argued it is more efficient, and more expedient, to conduct policy debates in this way. But these

arguments are not made public. Instead there are constantly reiterated commitments to transparency and democratic debate.

In the Cosatu offering, specialists, operating through the labour caucus of the National Economic Development and Labour Council, were from the National Institute for Economic Planning, headed by Vella Pillay.

Those behind the document, operating through the urban infrastructure investment planning team, were drawn from the Development Bank of Southern Africa and the World Bank.

This area of investment was addressed behind closed doors at a two-day conference in Cape Town last week where trade unions were conspicuous by their absence.

The Cosatu executive was meeting at the same time in Johannesburg to discuss its broad economic vision. Top leadership could, therefore, not attend what was billed as a major event.

Only two trade union representatives sat in on the Cape Town confer-

ence. One was a Paarl municipal worker delegate, representing the Federation of South African Labour Unions, the other a municipal workers' union official, representing Cosatu. Neither seems to have been impressed by the proceedings and there was little debate or mention of the response presented to the government by the South African Municipal Workers' Union (Samwu).

Samwu's document should be released next week. Proposals to "limit the influence of private capital on the form and content of the restructuring process", contradict an official view from the Cape Town conference.

Marinus Daling, the chairman of Sanlam insurance company, said the conference opened the way to private investment in infrastructure projects. But his market-based approach contradicts the Cosatu and Samwu documents.

There is some stirring among trade unionists over Cosatu's proposal to cut overtime to increase jobs and because nobody asked if the rank and file approved.

Black go

How unions are muscling in on

Having helped to secure democratic government, trade unions are responding in new ways to the the Johannesburg Stock Exchange of the Mathomo Group is one of several similar moves by ur

ESTELLE RANDALL
Labour Reporter

THE Johannesburg Stock Exchange listing of the Mathomo Group Limited signals a more assertive approach from trade unions to compete in the economy

Mathomo is the product of a joint venture between the Mineworkers' Investment Company (Mic), the Charne Group of Companies and the Standard Corporate Merchant Bank

Mic was started in July last year as the investment arm of the National Union of Mineworkers (NUM). It is wholly owned by the Mineworkers' Trust, which the NUM established to ensure a separation between union business and the business of making money

The Trust's function is to reinvest wealth generated by the Mic into social programmes, including provision of bursaries to mineworkers and their families, and improving the infrastructure and services in areas where mineworkers have a substantial presence

Mic chairman and African National Congress MP Marcel Golding said Mathomo's listing represented workers trying to get a stake in the South African economy and contributing to black empowerment

Before his election as an MP, Mr Golding was acting general secretary of the NUM, when Cyril Ramaphosa left to work in the ANC

"In the past the unions were seen as the destroyers. Now they are becoming the creators of wealth and building working people's capacity to play a constructive role in building companies," he said

Mr Golding said the formation of Mic and its joint ventures had not caused any tension within the NUM

"Mic was started because the union saw the need to play a constructive role in the economic reconstruction of South Africa"

Mathomo comprises Select Sports Wholesalers (Pty) Ltd, Eric Andrews Sports (Pty) Ltd and Burke Russell Macnab Investments (Pty) Ltd

The company has 85 stores on mines, in mine hostels, industrial complexes, power stations and

commercial centres which sell popular brand-name clothes, shoes, sports goods, mattresses, blankets and workwear

Its labels include Bear International, No Rules, Senqu, Instinct, and Lemon and Soda, and it markets Pierre Cardin active-wear under licence

The stores, whose main customers are workers in the mining and energy sector, sell their goods on a retail basis through direct monthly wage deductions from workers' wages and directly to mines on a wholesale basis

Apart from its 85 stores, Mathomo also distributes through retail chains such as Edgars, Sales House, Jet, Markhams, Stuttards, Truworths, Smart Centre and John Craig

Non-executive members of Mathomo, who do not draw salaries from the company, include NUM general secretary Kgalema Motlanthe who is also a director of Mic and chairman of the Mineworkers' Provident Fund with assets of more than R2,2 billion

TORCHBEARER:

The National Union of Mineworkers is in the forefront of attempts to give workers a stake in the economy

Labour Reporter

BESIDES its involvement in the Mathomo Group, the National Union of Mineworkers' investment arm, the Mineworkers' Investment Company (Mic), has also formed a joint investment company with the South African Clothing and Textile Workers' Union (Sactwu)

The company, South African Amalgamated Union Investment Company, is exploring the option of a stake in Vodacom, the cellular phone network company

More details about the company's operation would be given

later, said Marcel Golding, chairman of Mic and an ANC MP

Mic earlier secured a 25 per cent stake in Pepsi through New Age Beverages as part of a joint venture with Sactwu's investment company

Sactwu was one of the first South African trade unions to establish an investment arm - Sactwu Investments - with a minority share of Real Africa Investments which was listed on the Johannesburg Stock Exchange in 1994

In January this year Sactwu entered into a consortium with major black businesses to form

Tsogo Investments which in turn formed Tsogo Sun - a partnership with the Southern Sun Group

The partnership plans to develop a R2,4-billion Century City Hotel complex on 200 ha alongside Cape Town's proposed Olympic site in Milnerton

Tsogo Sun has applied for a gambling licence but said the planned complex would go ahead irrespective of whether it was granted a licence. It estimated that the development could generate between 10 000 and 15 000 permanent jobs

While the NUM and Sactwu appear to be making progress with

their formation in 1994 to South Africa (Cosatu)

The entered into 1994 to form a trust with such as the Business (Fabcos), associated Charalococ) as well

The idea had limited leading to out of the subsequently

4/4/96 (211) (132)



Investing union billions in partne

ck gold

muscling in on the money game

ons are responding in new ways to the clamour for economic empowerment. The listing on p is one of several similar moves by unions aiming to give workers a stake in the economy.

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illions in partnership with black business

Tsogo Investments which in turn formed Tsogo Sun - a partnership with the Southern Sun Group

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While the NUM and Sactwu appear to be making progress with

their business ventures, an attempt in 1994 to establish a Congress of South African Trade Unions (Cosatu) company failed

The Cosatu Holding Company entered into an abortive attempt in 1994 to form a gambling consortium with black business groups such as the Foundation for African Business and Consumer Services (Fabcos), and the National Federated Chamber of Commerce (Nafcoc) as well as Sun International

The idea of a gambling venture had limited support within Cosatu, leading to the federation pulling out of the consortium, which subsequently collapsed

However, another trade union federation, the National Council of Trade Unions (Nactu), has made investments in New Africa Investments Limited (Nail) and MTN

Nactu is also part of Tsogo Sun, the joint venture between Tsogo Investments and the Southern Sun Group, which is planning to build a R2,4-billion business and entertainment complex in Milnerton

Nail is the largest black company on the JSE and is said to be interested in acquiring Anglo American's 48 percent shares in Johnnic

These include an industrial portfolio valued at about R8 billion and which has minority holdings in SA Breweries, Toyota and the Premier Group. Anglo's Johnnic shares also include 43,2 percent ownership of Omni Media which controls Times Media, publishers of the Sunday Times and Business Day. Nail already has a stake in the country's largest daily newspaper, The Sowetan

Recently there has been speculation that leading trade unions could be negotiating for a stake of Johnnic, possibly in a joint venture with Nail

Labour gets to work

(132) (49) MTG (PMM) 4-11/4/96

Labour's controversial proposals have pitted it against business, write **Jacque Golding-Duffy** and **Madeleine Wackernagel**

LABOUR and business were in direct conflict this week with the release of labour's proposals on growth, development and job creation. The document says "hard choices" have to be made by the economic elite if social equity is to be achieved.

Businesses may not know just how hard, especially if the Congress of South African Trade Unions (Cosatu) has anything to do with it.

Cosatu assistant general secretary Zwelinzima Vavi says the document is "crucial" and will have to be central to any economic policy that is formulated by government, business and labour.

The blueprint, *Social Equity and Job Creation — the Key to a Stable Future*, was released this week by Cosatu, the National Council of Trade Unions (Nactu) and the Federation of South African Labour Unions (Fedsal).

The document follows similar initiatives by government, and the South African Foundation's input into the debate on economic transformation.

Vavi says Cosatu wants "whites to give up their privileges" and stop resisting the fact that they have to let go of the economic reins of power.

In a scathing attack on the SA Foundation and its document, released at the end of February, Vavi says the document is *Growth for a Few* as opposed to *Growth for All*.

"Business is not being singled out. Workers are also making sacrifices but [business] has to realise that the stage has been set for a fight between us and them."

Labour's blueprint does not aim to please the business sector — nor does it. The document raises "serious concerns", says the South African Chamber of Business (Sacob), while Nico Czyplonka, chief economist of Standard Bank and one of the architects of the SA Foundation's framework, calls it "unworkable".

"There appears to be a basic difference in the philosophical approach which drives the labour proposals



Sam Shilowa: Cosatu's general secretary presented organised labour's growth plan this week

PHOTO: RUTH MOTAU

and the views of the business community — with labour appearing to favour an approach that 'protects' jobs and creates employment by harbouring inefficiency and increasing rigidity," says Sacob.

The tax proposals worry Sacob and Czyplonka. Any increase in business taxes would deter foreign companies, whose interest in fixed investment here was tenuous at best, says Czyplonka.

Zunaid Moolla of the National Institute for Economic Policy believes the plan had much to offer: "Myths about the impact on foreign investment are misplaced, once we have got growth going, and income distribution is improved, investment will pour in."

A *bosberaad* is due between government, labour and business and, says Vavi, labour's blueprint will be central to it. He says the other documents submitted will be considered, but labour's position is now been spelt out. Mass strikes by Cosatu's affiliates to achieve

its goal, he says, are not "an impossibility" and "cannot be ruled out".

"It is clear that business feels government should remain out of the picture and merely play an administrative role but labour feels government should be more involved," Vavi says.

The National Economic, Development and Labour Council (Nedlac) says it "welcomes the document as labour's input into the process of debate on economic transformation".

Nedlac programmes director Debra Marsden says the documents submitted by all quarters to further the debate on transformation and economic empowerment will serve as the basis of discussion over the next few months within the highest ranks of the council.

Vavi stresses that a critical requirement for the new democracy is "the active promotion of social equity" and this is the key objective organised labour has set for itself.

The document outlines that social equity in South Africa, and particularly the reduction of the vast inequalities in the society, must entail

- redistribution of wealth,
- the eradication of poverty,
- the promotion of worker rights,
- increased employment
- the development of the full human potential of our people, and
- the provision of basic infrastructure and services to all citizens

Vavi says labour's contribution to the economic debate is a bid to clarify what it sees as the current economic situation and also to expand on labour's overall vision for the future.

The document continues to say that the inequalities prevalent in South African households are not accidental but are the natural outcome of low wage policies followed by the private sector and the deliberate policies of the former state to under-spend on social services for black people.

COSATU'S SIX PILLARS OF GROWTH

RED HERRINGS AND RHETORIC

PM 5/4/96

Perceptions of how best to foster growth are rooted in economic philosophies. So it's not surprising that Cosatu — with its roots in international socialism — sees one of the main pillars of growth in SA as "breaking the stranglehold of business in the economy."

Following the recent publication (by the SA Foundation) of a growth strategy advocated by big business, SA's largest trade union organisation, together with Nactu and Fedsal, has published a document called *Social Equity and Job Creation*. It proposes the negotiation of a new antitrust policy. And it says that "organised labour will now set up an anti-trust commission to report concrete proposals within two months. We will seek far-reaching changes to the corporate structure."

It describes the foundation's proposals as "sterile" and says members have created a range of red herrings, such as an alleged labour elite. "In so doing, they seek to let poor people pay for growth and development, while keeping the wealth and power of the privileged intact."

Labour fears that "with the wrong policies we may achieve either no growth or growth which benefits shareholders but offers no equity to workers and the unemployed."

Big business is accused of "seeking to repudiate key elements of agreements reached by its representatives with labour and government, on centralised bargaining, at the national economic forum in 1993 and on the Labour Relations Act, at Nedlac in 1995."

The unions put forward six pillars of growth "based on SA realities."

The first is a job-creation programme. Among other things, it proposes:

- The State builds at least 300 000 housing units each year over the next three years. "Initial calculations show that, over this period, 150 000-220 000 direct construction jobs can be created. An estimated further 200 000-330 000 indirect jobs may be created." The cost of this effort is put at about R30bn over three

years, at current prices."

- Modernisation of our industrial base. "A more efficient industry would be able to win back parts of the domestic market that have been lost to imports. It is the essential platform from which to launch a successful export effort."

It proposes the retention and expansion of fiscal measures to encourage reinvestment of corporate profits, and the setting up of a national restructuring fund to finance the introduction of new technology and work organisation,

- Job-sharing,

- A pragmatic programme "which lowers tariffs carefully and not quicker than required under the terms of the General



Agreement on Tariffs & Trade. pragmatic trade policies geared towards opening up the economy in a manner which will not lead to massive job losses." The unions stress the importance of "concrete social adjustment programmes to ensure workers do not bear the brunt of the globalisation,"

- Expansion of domestic demand and promotion of local purchasing policies. "We argue for wage and incomes policies which expand the local market for manufactured goods and for services. This approach should be combined with efforts to increase the efficiency of production," and

- Training and development of the work force

The second pillar is redistributive fiscal policies to redirect spending towards social services for the poor and increase the redistributive features of tax policy.

However, this would involve an increase in corporate taxation, a reduction in Vat, a 55% tax rate on individuals earning more than R200 000 a year, a capital gains tax and a luxury goods tax. And it questions the need for a Budget deficit reduction.

The third pillar is aimed at "big conglomerates (which) own banking, mining, industrial and retail businesses" because "the concentration of power in a few hands limits the prospect of inclusive economic decision-making." And it includes an organogram showing companies "under the effective control of Anglo American."

The fourth pillar is improvement of workers' rights. In this context, it's proposed that the top 58 companies — which are named — publicly agree to release information on the pay of their individual executive directors, "particularly their CEOs."

The proposal will be put to the 58 companies.

The fifth pillar is greater industrial democracy and the sixth is championing economic development and workers' rights internationally.

Cosatu is motivated by income inequality. "According to the Human Sciences Research Council, the poorest 40% of households earn less than 6% of total income, while the richest 10% earn more than half the total income. While blacks make up 76% of the population, the black share of income amounts to only 29% of total income. Whites, who make up less than 13% of the population, take away 58.5% of total income."

It points out that SA has "among the highest income inequality in the world" and says "Even commentators not particularly sympathetic to organised labour are struck by this contrast."

Inequitable income distribution of this

The yawning chasm between organised labour and business

(132)

ST 7/41 96

WHEN the SA Foundation unveiled its plan at the end of February to create economic growth in South Africa, it set the stage for renewed debate on the economy.

This week, it was labour's turn to take the stage with its document "Social Equity and Job Creation".

At the outset, labour (that is, the Congress of South African Trade Unions, the Federation of South African Labour Unions and the National Council of Trade Unions) states its overriding goal as the pursuit of greater social equity.

Labour proposes six pillars to its social equity and job creation plan a programme to create jobs, a redistributive fiscal policy, breaking up the conglomerates, promoting worker rights, building industrial democracy and steps to promote equity and economic development globally.

The foundation's "Growth for All" strategy rests on five pillars, all essential to boosting the investment and efficiency that leads to growth: a solid legal framework, sound macro-economic policy, efficient government, competitive markets and an outward orientation.

Over the coming months many of the issues raised in both the documents will be debated in the chambers of the national



LESLIE BOYD: Chairman of Amic, which sponsored the SA Foundation document

economic development and labour council.

But the vast differences in approach means that there are substantive gaps between labour and business in almost every area of policy.

These are some of them

Job creation, wages

A large part of labour's document is concerned with strategies to create jobs. It proposes a large public works and housing programme, estimating that if the government was to build 300 000 houses every year for three years, 350 000 to 550 000

South Africa's top companies and biggest trade unions have widely divergent views on how to make the economy grow, reports CAROL PATON

new jobs would be created.

It also proposes saving jobs by removing trade tariffs slowly, winning the consent of business to stop retrenchments, and restructuring the public sector through retraining and redeploying staff rather than through job cuts.

It proposes a wage policy that would increase the buying power of workers in order to stimulate the domestic market. This need not be inflationary, the document argues, if accompanied by changes to make production more efficient. Efficiency can be improved through various productivity-enhancing measures, especially the training of workers, but also through cutting management jobs and reducing the salaries of top executives.

The most important strategy for job creation proposed by the foundation is the creation of a low-wage sector. According to the foundation, this strategy would lift three times as many people out of poverty than ordinary economic growth could. The foundation believes trade

unions have pushed wages above market levels

Labour market

The foundation's low-wage strategy entails freeing the market from labour market controls. "Reforms are needed to allow a free-entry, flexible wage labour tier in the formal sector next to the existing high-wage, capital-intensive tier," its document says. "These reforms include exemption from existing wage agreements and from most basic employment standards."

In contrast, labour suggests the need for additional labour market mechanisms to improve the quality of life and income of workers. Among these are national industry-wide collective bargaining forums, a 40-hour week and paid maternity and child care leave.

Fiscal policy, deficit

In labour's view, fiscal policy should be a means of enhancing the state's capacity to embark on social equity programmes. It proposes increasing corporate



EBRAHIM PATEL: Textile union leader and author of the new labour document

taxes, removing VAT on basic goods, a tax on luxury goods and taxing those who earn more than R200 000 at 55 percent.

Labour argues that the deficit — the difference between state spending and income — is being reduced too fast and will lead to job losses and slowed down growth.

The foundation argues that the deficit is too high and should be brought down much faster if SA is to compete favourably with other developing countries for investment. Cutting the deficit would bring interest rates down and encourage

investment. But to do so without raising taxes, state spending needs to be cut.

The foundation envisages drastically cutting the number of civil service jobs and reducing welfare spending.

Corporate taxes should be cut, VAT increased and the tax system simplified, it says.

Privatisation

This area is not given much attention in the labour document, but the foundation says it must be done rapidly to make the economy more efficient and to generate resources to reduce the deficit.

The social equity document will form the core of labour's submissions to Nedlac Business South Africa, the convener of business in the council, is known to be working on a new document in which its proposals to Nedlac will be tabled.

With two opposing positions on the table, all eyes are now on the government, whose growth and development strategy document is due to be completed this month.

Labour's document seems to have been welcomed in many government circles already. Many of the proposals it makes — on employment equity, basic standards and training — are areas already being seriously considered by the government.

ANC draws up new labour relations clause in bid to break impasse

David Greybe

CAPE TOWN — The ANC had come up with a new labour relations clause in a bid to break the impasse over whether the new constitution should include a lockout clause, sources said yesterday.

The party had reworded the clause to exclude employers' recourse to lock-out — in line with ANC thinking — but had inserted a new clause which did not rule out a "legislative lockout".

The new Labour Relations Act already provides such a legislative right

to employers to lock out.

The sources were confident the labour clause in the Bill of Rights and so-called minority issues — the two main areas outstanding in the new constitution — would be resolved by the May 8 deadline.

They said the fact that "all issues of governance" were resolved during three days of private talks last week had laid the basis for the resolution of the remaining "politically sensitive" constituency-related issues.

Political parties reached broad

agreement last week on a range of issues, including a national council of provinces to replace the Senate, legislative overrides between central government and provinces, and most of the Bill of Rights, including the property clause.

Sources were optimistic the lockout proposal would find favour with the NP, DP and Cosatu.

On minority issues, negotiators were confident that once the issue of application of languages was resolved, it would have a domino effect on the

resolution of other minority issues such as self-determination and education. One source described the main problem over languages as a question of what the status of Afrikaans would be in relation to other African languages, rather than the issue of English being the dominant language. ANC negotiators said they were aware of the sensitivity of the issue, but believed they were close to "reaching a political decision (mainly with the NP) which would reassure Afrikaners".

Meanwhile, senior ANC and NP ne-

gotiators quashed reports concerning the IFP's possible return to the Constitutional Assembly, whether formally or via a separate "political channel" similar to the interim constitutional negotiations.

However, sources confirmed that top IFP negotiators such as Walter Felgate had been kept up to date via fax during last week's private constitutional talks. But, they stressed, this was done on a voluntary basis by some negotiators and was not an attempt to draw the IFP back into the process

Bid to end war of words in Nedlac

BD 11/4/96

(132)

Greta Steyn

THE National Economic, Development and Labour Council (Nedlac) conveners met yesterday to discuss a way to end the acrimonious debate between labour and business on economic policy and begin negotiations in earnest.

Formal negotiations in Nedlac have failed to get off the ground, while relations between labour and business soured after a war of words on economic policy.

Talks were scheduled to begin at a Nedlac meeting at the end of March, but the meeting was cancelled. Sources mentioned labour's angry reaction to the SA Foundation's Growth for All document, and government's inability to put its growth and development strategy on the table, as reasons for the

cancellation

A Nedlac spokesman confirmed the council's secretariat had asked labour's Ebrahim Patel, business's Raymond Parsons and government's Les Kettlebas to meet yesterday. She said aside from routine issues on the agenda, the conveners were asked for suggestions on how to proceed towards a social accord on economic growth and development in the light of the Nedlac meeting's cancellation. The conveners would be asked to discuss the issue with their constituencies and it was hoped that a plan for a new process would be on the table in time for the next Nedlac executive committee meeting on April 25.

No comment could be obtained after

Continued on Page 2

Nedlac (132)

BD 11/4/96
Continued from Page 1

the meeting, but a source predicted beforehand that a big meeting would be out of the question while there were such deep divisions.

The divisions emerged after the SA Foundation and labour released opposing proposals on economic policy. The labour document has been formally tabled at Nedlac, while the SA Foundation report will be used by the business umbrella body, Business SA (BSA). It is understood that BSA will tone down the aggressive language used by the SA Foundation but will

draw heavily on its work. However, some new ideas are said to be included.

The black business group, Nafcoc, and Nedlac's "community" constituency are also expected to come up with separate growth proposals.

A source said there was a debate about the need for an overarching social accord which would provide the country with a shared economic vision. Some government policymakers were apparently against the idea, as the chasm between the negotiating parties seemed too wide to bridge. Instead, they favoured deals on specific issues where agreement could be reached. But the source said these deals would run into trouble without agreement on broad macroeconomic principles.

Business, government still wrangling over cuts

B0 12/4/96

(487) (132)

John Dlodlu

GOVERNMENT and business are continuing their long-running wrangle over the planned cut in export subsidies, with no solution in sight, sources close to the National Economic, Development and Labour Council say

The showdown, the first face-to-face encounter between the parties since their differences were aired, happened at Nedlac's trade and industry chamber meeting yesterday.

Sources said business had used the meeting, attended by the trade department's director-general Zavareh Rustomjee, to launch a "diatribe" at government over its plans to cut the general export incentive scheme's subsidy to 6% in July from its current 12%.

Business accused the trade and industry department of reneging on its promise that the scheme would be phased out slowly before its termination next year, and that business would

be provided with warnings or changes

"All we want from him (Rustomjee) is that he keep his promise," a business source said. "It augurs badly for the future that government can make commitments and then go back on them."

Rustomjee said department difficulties had prompted the move to cut the subsidy. These included severe cuts to the department's budget.

The other area of contention was whether business had advance warnings of the mooted cuts — the department believed this had been done at meetings with business groupings such as Sacob. However, a senior business source said. "Government warned us informally, but said that those meetings (at which impending budget cuts were discussed) were confidential, so we could not tell exporters"

Rustomjee never said whether the cuts would definitely be made

See Page 6



Deep divisions over SA economic policy

BD 15/4/96

(132) (132)

Greta Steyn

DEEP divisions between business, labour and government on SA's economic policy are clear in Business SA's policy document, which will be used to negotiate at the National Economic, Development and Labour Council

The document, which draws heavily on the work of one of BSA's member organisations, the SA Foundation, again challenges the union movement to become more flexible

The SA Foundation document, Growth for All, prompted an angry reaction from labour with its call for a more flexible labour market

Labour Minister Tito Mboweni, who had not yet seen the BSA paper but intensely disliked the SA Foundation's work, at the weekend raised doubts over the possibility of reaching consensus on an overall social accord on economic policy "The differences are from Cape to Cairo"

He believed a better approach

might be to tackle individual issues in Nedlac on which consensus was more probable, and to build a series of accords. "There needs to be a discussion about what is meant by social accord."

The BSA document also recognised the need for further discussion on the different options of an overall social accord; a series of "mini-accords"; or some other mechanisms.

Although the BSA document is less aggressive in tone than its predecessor from the SA Foundation, it echoes the same sentiments on labour: "It will be necessary to make the labour market significantly more flexible. In the absence of progress on this front, even higher growth will not stop the rising tide of unemployment and poverty."

BSA's differences with government are also clear in its views on fixed investment. Government has indicated that huge investment in social and economic infrastructure should drive

Continued on Page 2

Policy divisions (132)

Continued from Page 1

economic growth, while the BSA argues that a dramatic increase in private fixed investment is the key.

The BSA sees the eight essential elements for job-creating growth as: reducing crime and violence; fiscal reform; accelerated privatisation; reforming inappropriate labour market institutions; expanding and improving education and training; improving productivity; a vigorous export drive and small business development.

These elements do not coincide entirely with the SA Foundation. Important additions to the business approach are the view that "improved management is essential for higher productivity", as well as the need for small business development.

BSA also emphasises the need to ex-

pand and improve education and training. These additions serve to soften the impression of big business fighting for its own interests.

The BSA document fails to call for the strengthening of competition policy, although it says "rules inhibiting competition" need to be dismantled. It also does not tackle fiscal incentives for investment, which has been the source of disagreement in business ranks.

The BSA says: "A common framework should acknowledge that higher growth and poverty elimination require far higher levels of private investment, complemented by appropriate public fixed investment, and far higher levels of labour utilisation accompanied by increased levels of education and training."

"It ought also to support measures aimed at ensuring a competitive environment, private ownership, rule of law and macroeconomic stability as the sources of efficiency."

BD 15/4/96



BUSINESS CONTRADICTIONS Kuben Pillay, left, the chairman of Mathomo Group, and Michael Charne, the chief executive officer

PHOTO TRAVIS MCCUE

Swapping trenches

CHARLOTTE MATHEWS

On one Christmas Day during World War 1, German and British soldiers left their trenches to exchange festive pleasantries in no man's land. History recorded it as an unofficial truce between the two warring factions.

Today, something similar is happening in the relationship between unions and company management. Unions looking around for the best place to invest their surplus subscription and retirement funds have frequently settled on companies that are the most successful at maximising their profit.

This is highlighted by the weekend announcement that Cyril Ramaphosa, a former general secretary of the National Union of Mineworkers (NUM), will be leaving parliament to join New Africa Investments Limited (Nail), a black empowerment company making a bid for Anglo's stake in Johnnic.

The union's steady march towards JSE investments was also marked by last month's listing of the Mathomo Group, the retailing group with a controlling stake held by the Mineworkers' Investment Company (MIC). The MIC is a company established with seed capital from subscription funds held by the NUM.

Other examples of co-operation between unions and capitalists include the involvement of the NUM and the South African Clothing and Textile Workers' Union (Sactwu) through their investment companies in Vodacom. Both of those unions are involved in New Age Beverages. Sactwu also holds a stake in M-Cell through the conversion of its original holding in MTN.

The union movement is aware of the contradictions in its position. Roger Ronnie, the general secretary of the South African Municipal Workers Union (Samwu), said the union was still opposed to direct investment in listed companies.

"We feel more thought needs to be given to the role of trade unions generally. Our problem is that the investments are based

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purely on what returns can be earned rather than any broader political analysis about control. There has been some debate about the possibility of exercising control in companies through gaining shares in them, but we are not sure to what extent investments have been informed by these debates.

"There is also the question of what happens if workers organised by another union go out on strike? We don't believe the debate has been taken far enough in that respect."

But unions with reserves have to put their money somewhere. Even if they merely keep it in a current account, that money is still being put to use by the banks.

If the unions decide to play a more productive role in the economy, Samwu believes they should have a plan to use the returns for specific projects, like a bursary scheme for members, rather than just to ensure that the unions' balance sheets look good.

Ronnie says a distinction should be drawn between retirement fund contributions and surplus subscriptions. He believes workers should have a greater say in the investment of the surplus funds arising from their subscriptions.

But there is still soul searching about the kind of investments that unions' retirement funds should be making.

Adrian Arnott, the executive director of Southern Life's employee benefits division, said the decision on where to invest had been complicated by the move away from pensions, where employers are responsible for the benefits paid on retirement, to provident funds, where retirement benefits are determined entirely by the performance of the fund and employee representatives play an active role in investment decisions.

"The trustees of the provident funds who have to decide where the money is invested are now aware that their decision will determine what employees get on retirement," Arnott said. "Members say they want houses and that their retirement funds should be invested in the community but there is a temptation to say 'you must not use my

money for this. They want the best returns but someone else to invest in the areas that don't give the best returns."

Through the establishment of the MIC, the NUM seems to have found a middle path. The MIC was launched with capital from the NUM and has subsequently generated its own funds. It operates as a company separate from the NUM, but its profit is channelled to the Mineworkers' Investment Trust, which undertakes social projects.

It (MIC) is a unique model. It shows the confidence that the trade union has in the mainstream of the economy and it participates beyond the scope of its union activities," said Kuben Pillay, the chairman of Mathomo and a director of MIC.

Ronnie disagrees with the principle of setting up separate investment companies. "Those companies are controlled by trustees and have a life of their own and often start to operate in the market like any other company. You have to have a clear investment policy. It can become contradictory. If a union movement is directed towards socialism, because you are in a society where capitalism is dominant, you will have to make certain compromises. But those should do the least damage to the stated objective of socialism."

Pillay said the NUM set up MIC as a separate company to avoid that compromise — to separate the day-to-day activities of the union from its investment activities.

Another way around the problem was found in 1992, when seven unions in Cosatu and the National Council of Trade Unions established Unity, a company which ratifies the investments made by the Community Growth Fund, a unit trust administered by Syfrets. Unity ensures that companies satisfy social and profitability criteria.

Arnott sees an exciting aspect to the investment dilemma. "When unions were allowed in this country, labour used its bargaining power to secure political rights. Now, because of the huge sums in the provident funds, they have a good deal of economic clout."

Cosatu digs in heels over strike

CT(b)

BY SEAN FEELY, CHARLOTTE MATHIEWS AND CHRISTO VOLSCHENK

(132) (132) (132)

Johannesburg — Cosatu's strike will go ahead tomorrow despite a meeting between the government, business and trade unions yesterday to settle a deadlock over the labour relations and property clauses in the new constitution

President Nelson Mandela met senior politicians and labour and business leaders in Pretoria to try to resolve the conflicting views on whether the constitution should include a right to lock out striking workers and to what extent property rights should be protected

The constitutional issues and Cosatu's strike have sparked concern among investors, prompting the rand to fall to a record low of R4,58 against the dollar in trading on Friday.

The rand recovered to R4,445 in late trade before firming to R4,36 in thin after hours trading at the weekend after the Reserve Bank boosted its key rate by one percentage

Sam Shilowa, the general secretary of Cosatu, David Brink, the chairman of Absa, Conrad Strauss, the chairman of Standard Bank, FW de Klerk, the deputy president, and

the senior NP negotiator Roelf Meyer and his ANC counterpart Cyril Ramaphosa were among those who attended the meeting. Trevor Manuel, the finance minister, and Alec Erwin, the trade and industry minister, were also at the talks

"I think that the meeting was very frank and therefore constructive because all the parties were addressing the urgent problems of the nation," Brink said

Shilowa said after leaving the meeting that the parties would continue to meet to discuss economic issues, even as Cosatu pursues tomorrow's national strike.

Parks Mankahlana, Mandela's spokesman, said after the meeting that the negotiating parties would gather again today "to finalise the wording of these clauses".

Ramaphosa said he was optimistic that the constitution would be ready by the May 8 deadline

Analysts remained unconvinced that Mandela's prompt meeting with stakeholders in the economy would calm jittery investors, especially foreigners who have largely been responsible for the rand's 18 percent devaluation in the past nine weeks

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Negotiators at Nedlac face demanding schedule

CT(BR)15/4/96(132)
BY CHRISTO VOLSCHENK

Cape Town — There will be no time to waste when negotiators sit down in Nedlac's labour market chamber in the next weeks to negotiate new legislation on employment standards

As had happened toward the end of negotiations on the Labour Relations Act last year, the negotiators may have to rush yet again to finish their task

This time around negotiators in Nedlac will only have 10 weeks to conclude negotiations

A spokesman for Nedlac confirmed last week that Tito Mboweni, the labour minister, wants the product of the negotiations to pass into law later this year

Indications are that the negotiations on the employment standards legislation will be tough. The spokesman said labour, business and government will all be represented by senior negotiators

Last week, the labour chamber decided to allow outside experts to be called from time to time. The chamber met to decide how the negotiation process will be structured

Business has submitted its mandated response to the government's Green Paper on employment standards. Labour's response will be submitted soon.

It is expected that business will oppose many of the proposals in the Green Paper on the grounds that they will increase the cost of labour and make it even more difficult for local business to compete on international markets.

As with the negotiations on the Labour Relations Act, a negotiating committee will be set up. It will consist of five representatives from each of the four constituencies

"Outside experts were hardly ever called during the negotiations on the Act. But this time around we may see many experts from outside the chamber in action," the spokesman said

Mboweni and senior representatives of business and the trade unions were often present at sessions during negotiations.

"It is expected that Mboweni and senior representatives from labour and business will again take a hands-on approach to the negotiations on employment standards," the spokesman said.

Lack of cash threatens Nedlac plans

By CHRISTO VOLSCHENK (192)

CT(CR) 16/4/96

Cape Town — Nedlac's work on a package of supply-side measures to enhance the international competitiveness of local industry ground to a halt last week when the government refused to commit more money to the measures.

At a meeting of the trade and industry chamber of Nedlac last Thursday, the government declined to be drawn into spending more money on the package, which includes tax incentives and tax holidays.

Only R181 million was allocated to the supply-side measures in the current financial year.

"That amount will not make a dent in the problem. The government will have to allocate much more money," Stef Naudé, the business convener in the trade and industry chamber, said yesterday.

In November last year, the government submitted a proposal on supply-side measures to Nedlac. Suggestions included tax and training incentives, new investment incentives, and concessionary finance for industrial development and technology enhancement.

The government created the impression that at least R2,3 billion would be spent on the package, but business and labour could not get that commitment from the government last week.

Sexwale urges SA labour and business to play by new rules

(132) ARG 13/4/96

Peter Fabricius
Washington Bureau

WASHINGTON - Gauteng Premier Tokyo Sexwale has challenged South African capital and labour to adapt to the world order as well as SA's world-beating rugby, soccer and cricket teams have done

Labour and capital productivity would have to improve substantially if previously-isolated South Africa was to compete with the world economically, Mr Sexwale told a high-powered conference in New York. The summit was organised by the US Council on Foreign Relations on the theme From Emerging Market to Global Competitor, South Africa into the 21st Century.

Labour Minister Tito Mboweni also addressed the conference, which ended on Thursday, as did several top SA business leaders and US executives with investments in South Africa.

Mr Sexwale said the industrial restructuring needed to make South Africa competitive would take time and cause short-term pain. The government had to ensure improved training and re-training and maintain social stability.

He assured US traders and investors that tariffs and duties would continue to be reduced, often faster than required by the General Agreement on Trade and Tariffs

(GATT) Competition policy had already been drafted and would be legislated this year to eradicate the negative effects of pyramid corporate structures and facilitate the entry of new players into the market, he said.

Through "the cold winds of competition" the government would "focus the minds of South African corporations on the international market-place", he added.

Mr Sexwale said business, labour and the government were willing to compromise to become more competitive.

Housing delivery was poised for take-off after delays caused by complex negotiations with the financial sector.

Central to this programme were labour intensive methods for providing roads and housing to reduce unemployment, now estimated at 33 percent, or five million people, in the formal sector.

The present economic upswing, which began late in 1993, had only created 55 000 new jobs outside agriculture, compared to the loss of 420 000 jobs in the downswing of 1989 to 1993.

So, apart from industrial strategy and building infrastructure, South Africa had created institutional and financial support for small and micro enterprises to draw disadvantaged people into the economy.

Mr Sexwale said only by reducing employment would South Africa address its

other major challenge: eradicating criminal violence. This was a universal problem that South Africa was dealing with by increasing the police budget by nearly five percent, allocating an extra R7 billion to improving conditions of service and significantly tightening up the criminal justice system, he said.

Mr Sexwale also expressed confidence that President Mandela's intervention would "hopefully" end the "last shudder of political violence in KwaZulu/Natal".

As the US was the world's largest economy, with historical links to Africa, a partnership with the US was one of the critical keys to unlock South Africa's potential.

"At a governmental level, we do seek privileged economic relations. (The late US Commerce Secretary) Ron Brown and his staff devoted an enormous amount of time and energy to this.

"We must all of us take this further with tangible trade agreements and the removal of any remaining obstacles to US investment."

Mr Sexwale told the Americans there were profits to be made in South Africa, but that they also had a moral and cultural obligation to the country because "many of our brothers and sisters were forcibly taken from the shores of the African continent to work in your fields, homes and factories".

ILO's conventions 'important for region'

BY JAMES LAMONT

(132) CT(BK) 4/3/96

Johannesburg — South Africa's interests would be well served if neighbouring states followed the government's lead of ratifying the International Labour Organisation's conventions, Shireen Singh, the spokesman for the labour ministry, said yesterday.

Amid industry fears that companies were relocating factories to countries where labour was less organised and wages were lower, Singh said the organisation's conventions governing workers' rights to freedom of association and collective bargaining would be important.

She said they were significant "when we look at developing a regional economy and labour policy".

South Africa signed the conventions last week.

The departments of trade and industry, and labour have commissioned a report on the regional labour market and migratory patterns.

The report would be released

at the end of June, she said.

However, she said many countries that had signed the conventions did not adhere to them.

But this was not the case in the South Africa.

"We've committed ourselves as a country," she said. "The trade unions have won these rights through years of struggle."

The conventions on freedom of association and collective bargaining are in line with the new Labour Relations Act, which comes into effect in May this year.

The organisation described the signing as "an explicit symbol of South Africa's determination to destroy the last vestiges of apartheid and to set a course towards greater social justice for all its citizens".

South Africa rejoined the Geneva-based organisation in June 1994, 30 years after its withdrawal over attacks on its apartheid policies.

Nedlac's role in competition policy clarified

CT(ER) 4/3/96 (222) (132)

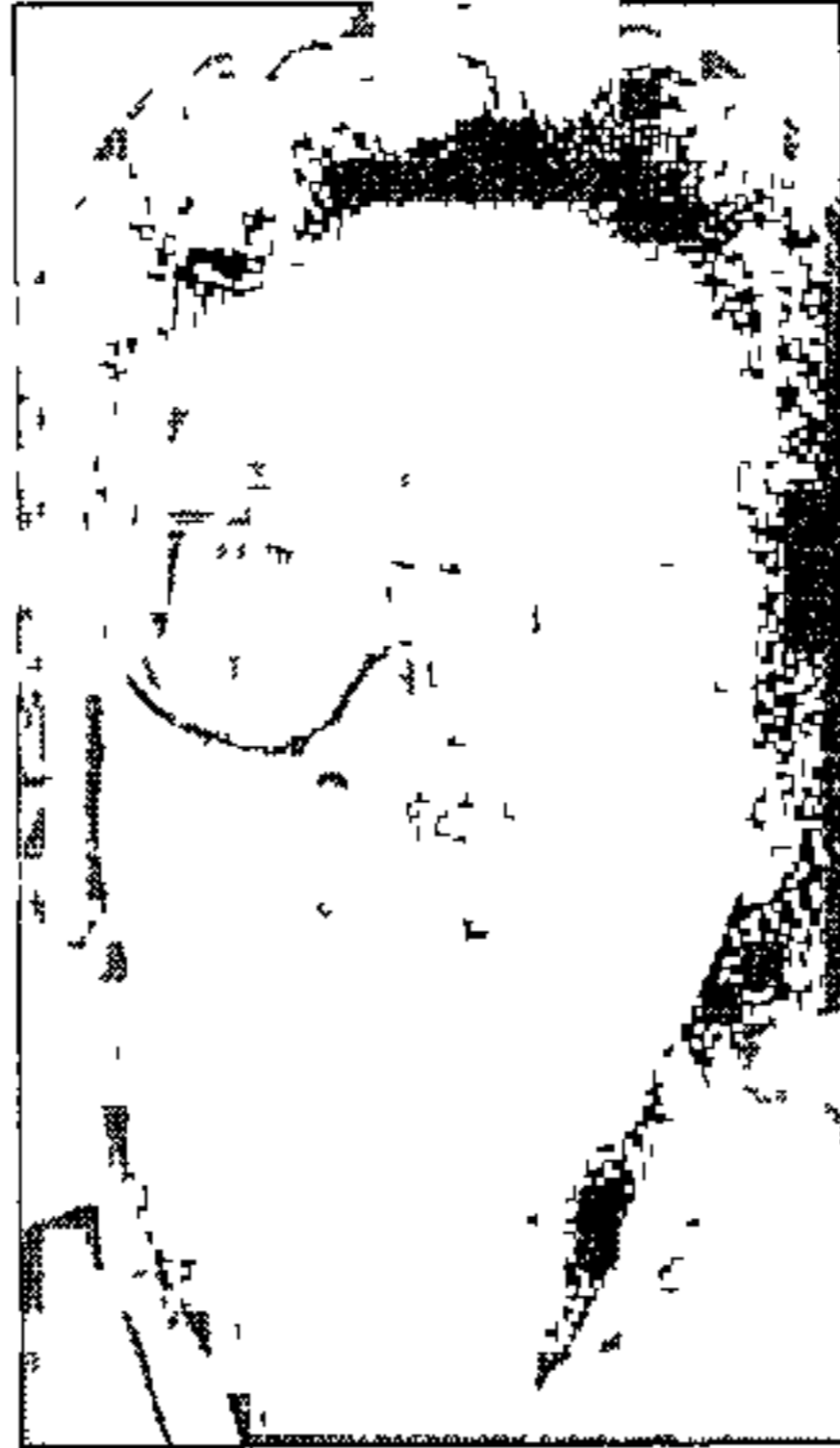
STAFF WRITER

Johannesburg — The role the National Economic Development and Labour Council (Nedlac) will play in considering the trade and industry ministry's competition policy proposals was clarified at a meeting between business, labour and the government at the weekend.

Friday's meeting was facilitated by the Nedlac secretariat and attended by Trevor Manuel, the minister of trade and industry, business representatives Raymond Parsons, Stef Naude and Mashudu Ramano, Les Kettledas, the deputy director-general of the labour department, Herbert Mkhize, the labour convener in the trade and industry chamber, and Jayendra Naidoo, the executive director of Nedlac. Naidoo chaired the meeting.

All parties had committed themselves to "serious and substantive discussion on competition policy", said Lomun Saayman, a Nedlac spokesman.

He said discussion would



Jayendra Naidoo, the executive director of Nedlac

focus on reaching consensus on the policies to be adopted, including how these policies would be implemented.

The parties did not feel it was necessary to engage in line-by-line negotiations to reach consensus on competition policy, although there would be a need



Trevor Manuel, the trade and industry minister

to discuss specific legislation.

The meeting expressed full confidence in the Nedlac process.

The trade and industry ministry is in the process of completing its proposals on competition policy, after which it will obtain a mandate from the government.

It was agreed that the govern-



Raymond Parsons, a business representative

ment's proposals would then be tabled in Nedlac and discussed at a special meeting.

A process for discussing this document in Nedlac and mechanisms for liaising with the parliamentary portfolio committee on trade and industry would be developed.

Globalisation 'poses challenges to labour'

Renee Grawitzky

GLOBALISATION posed challenges to state and labour with labour finding itself in a "hostage situation" when a labour-backed government implemented "non-liberal solutions" such as privatisation

Sociologist Eddie Webster, now with the Sociology for Work project at Wits University, addressing a workshop last week, said labour could either actively oppose such policies which would lead to the failure of labour-backed governments' policies and result in a less labour-friendly government, or it could support such policies

Unions which simply went along with policies implemented, such as in Argentina and Mexico, became marginalised, he said.

However, in other cases, unions sought to redefine their roles in the face of globalisation and actively participate in policy formulation. Governments in Australia, Norway, Sweden and SA sought co-operation with labour and the influence of the union movement was not eroded, he said

Labour in Poland, Spain and France sought, however, to break alliances with labour-backed governments

Webster said Cosatu's response to globalisation vacillated between the "market adapting the passive response" to the "market modifying" — where labour had been given an institutional voice and had tried to

BD 6/3/96 (132)
modify policies which would lessen the effect on members.

The maintenance of such alliances depended on whether the governing party was weak, competition between unions was high, unions experienced a high level of autonomy and whether the social linkages between labour and government could in the long run sustain such relationships

He said in SA, the "alliance is more likely to continue" — certainly until the next election — because unions had no real competition and it had a great deal of autonomy. The union movement, he argued, had the capacity to either break the alliance and risk becoming marginalised or act as a left pressure within the alliance.

Webster said the majority of Cosatu leaders interviewed last year on the alliance showed a high level of loyalty to the alliance, but some felt that they had been trapped by the alliance.

Some debate took place as to whether a "proposed social democratic alternative to neo-liberalism" was feasible in SA and whether a class compromise could be achieved, bearing in mind economic resources were limited and government could not extend economic concessions to workers. Webster said a compromise could take the form of a social wage or be through co-determination where workers would have more involvement in organisations.

Strike-free Singapore beat Swiss to come tops in labour survey

(132) Star 12/3/96

AFP
Singapore

Workers in this island state have retained their top ranking in a US consultancy's global survey of labour-force quality, the local daily Business Times reported yesterday.

US-based Business Environment Risk Intelligence (BERI) gave Singapore 81 points out of a maximum 100, six points ahead of Switzerland, in its 1996 Labour Force Evaluation Measure index, the newspaper said.

In third place was Belgium, followed by Japan, the US and Taiwan.

The others in the top 10 were the Netherlands, Germany, France and Norway.

The workforces were rated according to skills, relative productivity, and worker attitude.

Strike-free Singapore has been ranked number one in the BERI survey for years. In the latest survey, it topped the legal and productivity categories, was third in worker attitude, and placed eighth in technical skills, according to the newspaper report.

Singapore, which suf-

fers from an acute labour shortage that has driven wages up sharply in recent years, is pushing workers to upgrade skills, particularly in key sectors like electronics, precision engineering and services.

The city-state has a labour force of 1.75 million people out of a total population of three million. Some 300 000 guest workers, mostly from south and southeast Asia, fill in the lower ranks of the labour pool.

In addition, there are about 50 000 foreign supervisors, managers and professionals working in Singapore.

**US is most
desirable
market in
the world
for workers**

The Business Times said that while BERI rated Singapore tops in its survey, it noted that the United States "has become the most desirable labour market in the world because of the potential for American sales".

Sharp gains in US productivity, the greenback's depreciation against other currencies and reduced labour militancy due to job insecurity were also cited as factors in favour of the American workforce, the report added.

QUESTIONS

†Indicates translated version

For written reply

South African Police Service: strength

16 Mr A J LEON asked the Minister for Safety and Security,

- (1) Whether the current strength of the South African Police Service is adequate to meet the safety and security needs of the Republic, if not, (a) what is the estimated shortfall, (b) how many more police officers will have to be employed to make up for the shortfall and (c) what will be the cost of employing such police officers,

- (2) whether the moratorium on the filling of vacancies and of new enlistments in the SAPS is to be lifted, if not, why not, if so, when?

N61E

THE MINISTER FOR SAFETY AND SECURITY

- (1) No

- (a) and (b) I prefer not to provide figures which are based on a rough and unsubstantiated estimate. An accurate figure will be available shortly when the new Police Plan, which is being prepared in terms of section 11(2)(a) of the South African Police Service Act of 1995, has been finalised. It is anticipated that this will happen during April 1996. The objectives, priorities and needs of policing for the next financial year, as set out in the Police Plan, will provide the basis on which the exact shortfall will be calculated.
- (c) In the absence of an exact figure for the shortfall in the current strength of the South African Police Service, I can merely provide a general indication of the cost of employing, for example, 5 000 new police officers. To increase the current establishment with 5 000 members during the 1996/97 financial year will cost R158 318 million (based on the proposed salary grading system).

non-parties the Minister can where the applicant feels aggrieved by the decision of the council, grant an exemption on appeal. There are few such exemptions. Because of the number of exemptions, the diversity of measures applicable and the fact that they are granted at provincial level the question can only be answered if Mr Andrew gives the names of the companies concerned. The same applies to part (2) of the question as, without knowing which companies Mr Andrew has in mind, the Department would be groping in the dark and would be unable to give a focused reply.

Crimes committed whilst on bail

20 Mr A J LEON asked the Minister for Safety and Security

Whether any persons charged with crimes in 1995 were out on bail at the time they were arrested for such crimes, if so, (a) how many and (b) what percentage of the total number of persons charged with crimes in 1995 does this figure constitute?

N65E

THE MINISTER FOR SAFETY AND SECURITY

Yes

- (a) 6 217
- (b) During 1995, 159 818 cases of serious crime were referred to court, which constitutes a 1,35 percentage, although this may not really be a valid comparison because in some of the cases there might be more than one accused involved.

South African Police Service: resignations

29. Mr H A SMIT asked the Minister for Safety and Security †

- (1) (a) How many members of the South African Police Service resigned from the service during the latest three calendar years for which information is available, (b) what were the ranks of the members who so resigned and (c) how many of those members received a retirement package.

- (2) whether these resignations have harmed the operational ability of the SAPS, if so, in what respect,

- (3) whether he envisages any steps to prevent further resignations from the SAPS, if not, why not, if so, what steps,

- (4) (a) what was the estimated shortage in manpower in the SAPS as at 31 December 1995 and (b) what steps does he envisage to eliminate such shortage? N74E

THE MINISTER FOR SAFETY AND SECURITY

- (1) (a) 556

(b) Senior Superintendent	22
Superintendent	15
Captain	8
Inspector	151
Sergeant	216
Constable	144
Total	566

- (c) No members received retirement packages

- (2) Yes

The operational ability has been harmed in that the resignations resulted in a shortage of members to perform operational functions

- (3) Yes

Extensive measures are being introduced to counter the low morale in the Service. Such measures include

- the development of sound labour relations
- improved service and working conditions
- the establishment of effective communication to address uncertainty
- the establishment of measures to address discrimination

- (4) (a) I prefer not to provide a figure for the shortfall which is based on a rough and unsubstantiated estimate. An accurate figure will be available shortly when the new Police Plan, which is being prepared in terms of section 11(2)(a) of the South African Police Service Act of 1995, has been finalised. It is anticipated that this will happen during April 1996. The objectives, priorities and needs of

Nedlac welcomes funds

John Dlodlu

DD 15/3/96

(132)

GOVERNMENT's partners in the labour and business constituencies at the National Economic, Development and Labour Council (Nedlac) have cautiously welcomed the announcement that the state is to spend R180m on supply-side measures.

It emerged at this week's Budget presentation that the state would shift resources from the general export incentive scheme — which would be terminated next year — towards GATT-compatible support measures for industry. Finance Minister Chris Liebenberg said the measures, presently being discussed at Nedlac, would support training, investment, exports, and small business development.

A labour representative at Nedlac said the R180m was a "starting point" and demonstrated the state's commitment to assisting the industry but doubted if the amount would be sufficient.

At yesterday's meeting of the trade and industry chamber, labour also called for more effort to be made in carrying forward the Nedlac debate on supply-side measures, especially in articulating priority areas.

Sacob economist Keith Lockwood this week also welcomed government's announcement, but expressed concern at the state's ability to administer new schemes "Given the limited resources available, it would make sense to channel the funds to schemes which would be easier to administer."

The state's announcement of the funds coincided with the submission of a business response to Nedlac on the state's proposals on support measures earlier this week

Business' (132) labour fears exploited (4/6)

CT(BR) 18/3/96
BY SHIRLEY JONES

Durban — Fly-by-night operators in the highly competitive labour relations arena are exploiting businesses' fears of the new Labour Relations Act to gain market share

Les Owen, a Durban-based labour consultant, said recently that many one- or two-man bands whose sole purpose was to fight unions were attracting attention in business circles, but acting against the best interest of business in the long run. He said he knew of at least 25 operators in the Durban area.

"We are concerned that commentators on the act are placing too great an emphasis on negative features and are losing sight of its potential to open up a new era of more mature co-operative industrial relations practices.

"These scare tactics are driving parties to scan the act in great detail, looking for potential loopholes and ways round its provisions. This narrow, legalistic approach is unlikely to be of any long-term benefit," he said.

Owen said that the greatest areas of concern were the provision of information to unions and the inclusion of workers in key decisions through the establishment of workplace forums.

"Management is confronted with the option of keeping their heads low for as long as possible and waiting for that fateful knock on their doors some months or years . . . (later) Even then there will probably be a host of ways in which parties will be able to frustrate the establishment of these forums and delay the day even further.

"An alternative route may be to address the issue of workplace forums in a constructive and transparent manner," he said.

Owen said legitimate operators that tended to look at macro issues and strategic labour relations were more likely to guide business leaders towards a pragmatic path.

"Companies and unions must realise that they are in the same lifeboat and need to row in the same direction. Co-operation is the key to increasing productivity," he said.

Owen said he was going to Europe this week to investigate the handling of key issues by companies and unions in Belgium, The Netherlands and Sweden.

Aware of the differences in the workforces, particularly when it came to education, Owen said the visit would be invaluable because new South African legislation had been modelled on Western European examples.

Employers agree to talk

By Abdul Millazi
Labour Reporter

EMPLOYERS and trade unions in the retail sector have agreed to negotiate at a centralised bargaining council

SA Commercial, Catering and Allied Workers' Union spokesman Mr Sithembele Tshwete said "This is a major achievement for workers, considering the fact that the retail industry is disorganised with fierce employers who never want to discuss issues of mutual concern with workers"

⁽¹³²⁾
The industry currently has about 73 major companies employing a total of 152 802 workers. It is divided into clothing and footwear, furniture and general merchandise.

Tshwete said Saccawu at a centralised bargaining council would negotiate wages, working conditions and address wider industry issues

A spokesman for the employers organised under the Commercial Distributive Trade Participating Employers confirmed that they made a commitment to negotiate a centralised bargaining council

Sowetan 20/3/96

No quick fix for SA labour relations

132
 (132)
 PD 26/3/96

Renee Grawitzky

THE Toyota strike raises crucial questions about the future of "corporatist" or co-determinist models of industrial relations and the implementation of incentive schemes aimed at creating higher levels of commitment among workers.

The motor assembly industry — known for its history of adversarial relationships — last year signed what was hailed as a ground-breaking agreement aimed at "fostering co-operative relations between the parties".

Employers saw the agreement as laying the foundation for three years of labour peace and stability, and also reflecting a "new maturity in collective bargaining processes". The National Union of Metalworkers of SA (Numsa) was optimistic the agreement would signal a new approach to industrial relations in the industry.

Nine months down the line, the agreement has been honoured more in the breach.

At the time of the signing, concern was raised as to whether both parties were ready for this type of agreement, due to its complexity and to whether capacity existed on both sides to ensure successful implementation. As Numsa's negotiator Gavin Hartford said last year, the agreement was not the "road to Damascus". It created the mechanisms to achieve certain objectives.

At a leadership level, labour and business might

have come to the realisation that the industry could not afford the disruptions and acrimonious relationships of the past. How far has this attitude permeated to the shop floor?

Numsa general secretary Enoch Godongwana says: "Industrial relations is characterised by conflicting interests between management and workers which will not evaporate with the introduction of a co-determinist style of industrial relations. Any such assumptions that the agreement would avoid conflict were misinformed."

The agreement focuses on a wide range of issues including a peace obligation clause forbidding unprocedural industrial action. A dispute procedure provides for mediation and arbitration.

Toyota human resources director Harry Gazendam says the peace obligation clause has created some difficulty for Numsa's national leadership. Industry sources believe that groups in the union have flaunted it, and if this continues "it will detract from the agreement and its objectives".

This is so even though the Numsa national office has no intention of sabotaging the agreement, Gazendam says.

Gazendam concedes that there are probably "pockets" of management who are not in tune with the agreement, just as there are pockets of workers "who, for reasons of their own, choose not to abide by the agreement". He cautions however, that although companies "are not hly white", the level of deviation

by management is not equal to that of workers.

Whether the strike was sparked, as some would believe, by attempts by certain shop stewards to maintain their power bases, the payment of profit-sharing bonuses reflects a divide between management and union thinking on this and other issues which are being ignored.

Gazendam says although the parameters of the incentive scheme were not totally acceptable to the union, its implementation "would not under normal circumstances have resulted in a major strike".

Godongwana says relationship on the shop floor are characterised by "old apartheid arrangements". The Toyota issue, he says, shows that some fundamental weaknesses exist in the proposed workplace forums as "management is saying that production is not an issue for collective bargaining but for consensus-seeking".

In SA, Godongwana says, "we have to contend not only with class, but also racial conflict". He says a number of racial incidents were reported during the strike. Gazendam says this was mentioned, but no evidence presented. He says that whatever provocation took place "it does not justify office trashing".

The incentive scheme incorporating a production and profit element was launched early last year after consultations with shop stewards. At the time of this process, the stewards indicated support for a system whereby all employees should receive the same nominal amount. The company accepted this where union members were concerned, but paid higher bonuses based on earnings to salaried staff. The first payouts were made at the end of the last financial year.

Conflict arose when wage earners were each given R300 while in some cases salaried staff received bonuses equal to more than their salaries. The union rejected this, and said that such payments were discriminatory.

Godongwana says the first incident on March 4, which sparked the plant closure, occurred after a group of white workers began provoking black workers and said they were a "useless bunch" because they received less money.

Gazendam says that, as far as the company could ascertain, a group of shop stewards and workers "for reasons we do not know" chose to make an issue of something that was not a negotiable issue "into a power argument".

The strike once more brings into question workers' understanding of, and commitment to, the ground-breaking agreement made last year. This could necessitate a higher level of capacity building on the part of the union.

Management, on the other hand, has repeatedly indicated that the issue of incentive schemes is not negotiable, and is not a condition of employment. Clearly a refusal to negotiate on issues affecting workers has incurred some costs.

One of those costs is that management's attitudes have undermined the very mechanism — the incentive scheme — designed to motivate worker commitment to the company. It demonstrates yet again, that the process of devising a scheme is as important as the substance of the scheme itself.

Mass action drive

'Key labour provisions forgotten'

CP 21/4/96

(132) (132)

STEADY mass action would be launched this month to protest key labour provisions "forgotten" in South Africa's draft Constitution, Cosatu general secretary Sam Shilowa said on Saturday.

Constitutional negotiators on Friday morning drafted the document after marathon debates, but union leaders say lock-outs, property rights and local government voting had not been agreed on and had been left out of the draft.

"We need to mobilise so the bourgeoisie does not get away with this," Shilowa told delegates at a Johannesburg conference.

His assistant Zwelinzima Vavi said Cosatu members would begin

a series of demonstrations on April 26 and would embark on a general 24-hour strike on April 30.

The disputed issues he said could allow employers and other parties to challenge issues in the Constitutional Court, despite most being dealt with in the Labour Relations Bill.

For example, there was no provision against lockouts, which enabled employers to lock employees out of their workplaces for either refus-

ing to work under new conditions or for striking.

There was also disagreement on the property clause called for by business and groups including the African National Congress.

"They want there to be a Constitutional clause that says government will respect private property," Vavi told Sapa.

"But if this happens, land reform programmes and other programmes of distribution could be hampered."

Vavi said despite land reform legislation, which allows for people to get land back lost during apartheid, a property clause could allow angry land owners to take the legislation to the Constitutional Court.

A final issue that needed to be defined in the Constitution was voting in the local government elections.

Vavi said the ANC was in favour of allowing voters multiple votes in local elections - a move that Cosatu

"He should only be allowed to vote once in elections."

Another issue Cosatu remained opposed to was federalism, a notion Inkatha Freedom Party leader Mangosuthu Buthelezi has striven for in the provincial powers of KwaZulu-Natal.

"If federalism happens, you may end up without any uniform labour standards around the country and poor provinces such as the Eastern Cape will not be able to survive" - Sapa

By CAROL PATON

COSATU is to call a national one-day strike on April 30, when it will march on Parliament to push for its demands to be included in the final Constitution

Sam Shilowa, the secretary general of Cosatu, said the federation aimed to bring about a complete shutdown, including schools. He said Cosatu planned to ensure that workers, students, youths and peasants would join city marches on the day to break the deadlock in the

Constitutional Assembly that remained on important issues.

"We want to send a clear and unambiguous message, so our action must leave no room for doubt," he said.

Cosatu's constitutional demands include that

- The right of employers to lock-out workers be excluded from the Constitution,

- The right to property

be excluded,

- Powers granted to provinces do not lead to fragmentation in important areas like education and the labour market,

- The Constitution allow for only one person, one vote at a local level as opposed to additional votes for property owners, and

- The right to life, including a ban on the death penalty, be included

If the Constitutional As-

sembly fails to adopt the Constitution by a two-thirds majority, the next step is a referendum

Mr Shilowa said Cosatu would prefer a referendum if its demands were not met: "Rather than agree to a wishy-washy formulation on these issues, we would go for a referendum. We are ready to mobilise for an ANC victory"

The decision to go for a national strike was made

Labour flexes muscle

ST 21/4/96

by an emergency meeting of the Cosatu executive committee on Friday

Mr Shilowa said he felt certain that the ANC and the SA Communist Party would support the strike. He said that Cosatu and the ANC shared many of the same positions on the Constitution. Their only difference was over the property clause, which the ANC believed should be included in some form.

The strike on April 30 will be preceded by pickets and demonstrations on April 26.

Conflict a threat to labour market report

BD 22/4/96 (132)

Renee Grawitzky

CONFLICT between the SA Foundation and organised labour on macroeconomic policy could threaten attempts within the labour market commission to find common ground on the drafting of its report expected this year.

National Union of Mineworkers assistant general secretary Gwede Mantashe, at Cosatu's living wage conference in Johannesburg at the weekend, said that debate within the commission reflected the differing views outlined in the SA Foundation "growth for all" document and organised labour's "social equity and job creation" document.

Mantashe said the chapter on macroeconomic policy was proving difficult to write as commissioners tried to reconcile diverse views on achieving set objectives of the eradication of poverty and the elimination of discrimination.

Discussion, he said, reflected general agreement that economic growth which "results in the rapid creation of new employment" was critical to meet such objectives, with stability crucial for growth.

Emerging discussion, he said, reflected general support for sectoral minimums as opposed to a national minimum wage, the need for legislation on a social plan, 5% of company turnover to be spent on training, the subsidising of labour intensive projects, affirmative action legislation which required companies to formulate target-based affirmative action policies as well as provision of assistance for small, micro- and medium-sized enterprises.

In debate on wage determination — which included ensuring increasing employment and productivity, reducing poverty and inequality — consideration was being given to "temporary variations" for small enterprises from bargaining council agreements.

Extension of such agreements, he said, would rely on the labour minister being "sensitive to possible disemployment effects of such extensions". A social accord should be negotiated in the National Economic, Development and Labour Council to cover wages, prices, investment and productivity and address inflation and unemployment, he said.

ANC supports strike over lockouts

At one with Cosatu that boss's right should be dropped from constitution

By Patrick Bulger
Political Correspondent

The African National Congress has thrown its weight behind a one-day national strike on April 30 called by the Congress of South African Trade Unions at the weekend in support of their common constitutional objectives.

There will also be strikes and pickets on Friday. These actions take place in the run-up to the Constitutional Assembly's vote on the final constitution on May 8. The constitution is due to be tabled as a bill before a joint sitting of Parliament tomorrow opened by President Nelson Mandela.

The ANC's backing of the Cosatu action - reminiscent of the ANC alliance mass action before the adoption of the interim constitution - suggests a period of intense political manoeuvring ahead both inside and outside of the CA as the parties jostle for their positions to be included in the final constitution.

ANC sources said the party supported Cosatu's demand that the rights of employers to lock striking trade unionists out of production plants as contained in the interim constitution be done away with. The sources said the ANC was confident that employers had rights within the law to allow them to exercise the lockout option without this being entrenched in the constitution.

The sources also said the ANC would back Cosatu's demand for the so-called "property clause" in

the final constitution to be dropped if the ANC was faced with the prospect of having to vote for a property clause it could not fully support.

The ANC said in a statement yesterday that it would also back actions over the next two weeks by "workers, students and citizens of this country (who) will be articulating their support for a fully democratic constitution."

"The ANC supports the right of all South Africans to demonstrate peacefully in support of their positions on the constitution."

The ANC said it was calling on "freedom-loving South Africans to support Cosatu's 24-hour national strike on 30 April around key outstanding constitutional issues - and to participate in the pickets and strikes on April 26."

"The constitutional positions which Cosatu is mobilising around are positions which the ANC has long maintained. They are issues which are critical to ensuring that the constitution lays the foundation for a society based on equality, justice and freedom."

"Those parties which are seeking to entrench fundamentally undemocratic provisions in the constitution must realise that the people of this country will not accept a constitution which hampers the democratic transformation of this country."

To Page 2

PROTECTING MADIBA



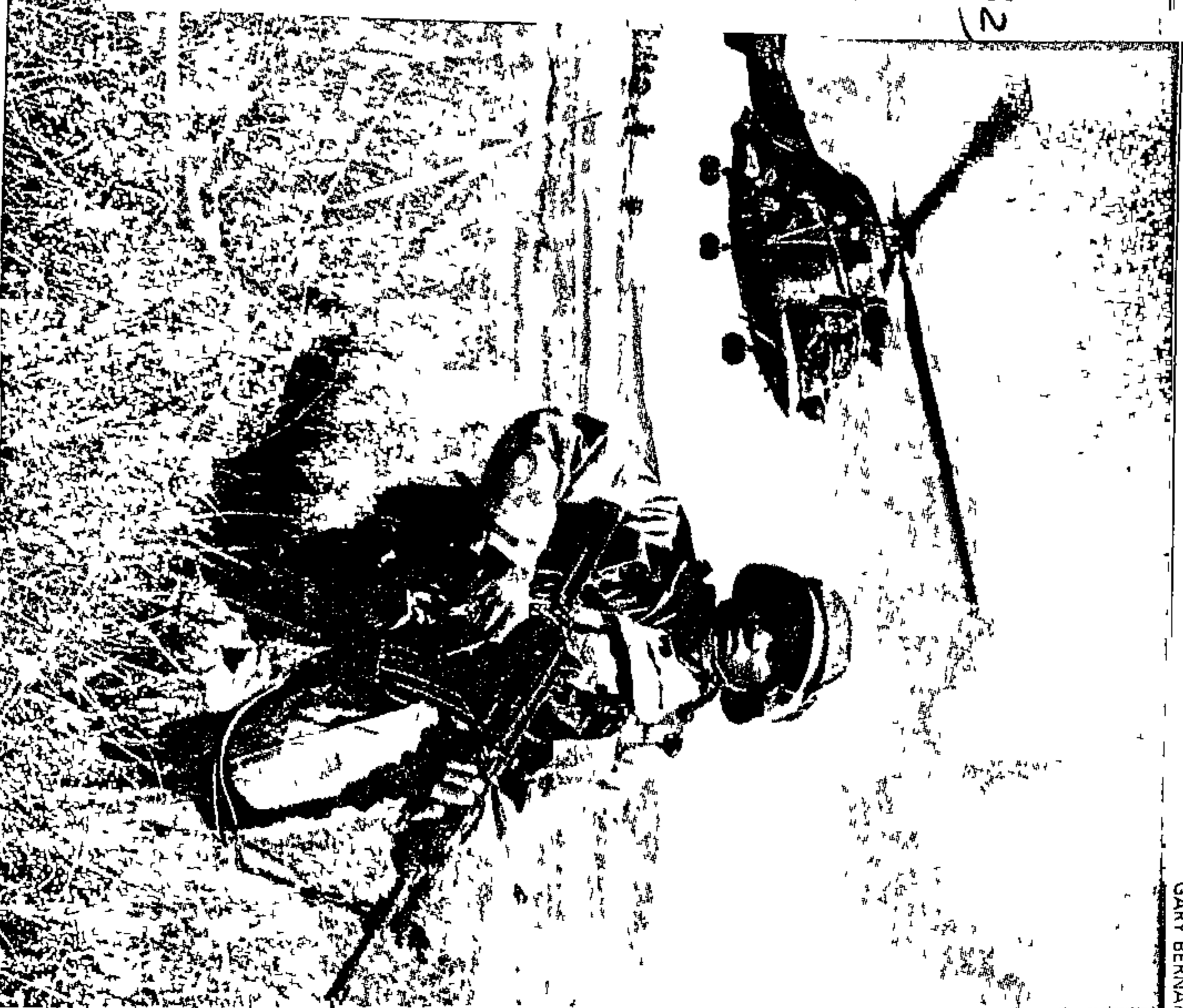
ANC backs Cosatu strike

From Page 1
Star 22/4/96 (132)

An ANC source said he did not expect that the ANC would bring amendments but that this would depend on the final wording as produced by the CA's technical experts who worked throughout the week end to finalise the draft. Printing was due to have begun yesterday afternoon.

At the weekend, National Party secretary-general Roelf Meyer indicated that he was confident the constitution would be passed by a two-thirds majority on May 8. Both the NP and the Freedom Front will be fighting for stronger guarantees for cultural groups, especially in respect of language and education, in the week ahead.

FF leader Constand Viljoen has welcomed last week's constitutional committee agreement on a cultural commission.



Action station - SANDF soldiers keep a watchful eye as President Mandela's helicopter leaves an ANC rally at Creighton, in the Ixopo area yesterday. Mandela also visited the scene of the Donnybrook massacre and addressed a rally in Edendale.

ANC still 'to decide' on support for strike

Renee Grawitzky

23/4/96

(132) (132)

THE ANC yesterday declined to give its full backing for the April 30 strike, called by Cosatu at the weekend in support of outstanding constitutional demands.

ANC spokesman Ronnie Mamoepa said last night that the ANC supported the right of Cosatu to mobilise around any issue, and in principle supported the right to strike in support of general demands and specifically to press for the exclusion of a lockout clause from the new constitution.

However, a decision within the ANC's constitutional structures had yet to be taken as to whether the ANC would fully back the proposed strike. Clarification of the ANC's position comes amid strong reaction from employer organisations and the NP, IFP and DP to the ANC's apparent support for the strike.

Employer organisations, including Business SA, the Afrikaanse Handelsinstituut and the Johannesburg Chamber of Commerce and Industry, highlighted the economic costs of the action. They stressed that in its recent economic policy document, organised labour had acknowledged the need for improved productivity and job creation. Business viewed the action as "short-sighted" and appealed to the union leadership to find less disruptive and "more acceptable ways to present its views to the negotiators".

Business SA said it was alarmed at the ANC's apparent support for "this confrontational approach".

The constitution was intended to unite the country in a common vision and had to enjoy the support of all stakeholders. "This will not be forged

through mass action, which experience has shown divides the society and disrupts the economy."

The NP said it was unacceptable that the ANC supported Cosatu's actions while it was party to the negotiations. Threats and strikes are not justifiable when negotiations and democratic decision-making processes were already being conducted, it said.

The DP said the ANC's support for the strike was an "exercise in bad faith. It also represents allowing a strike against precisely the positions to which they have already agreed".

Cosatu indicated it was consulting its alliance partners, including civic organisation Sanco. The SACP indicated its support for the strike.

Sapa reports that the IFP said the strike was intended to press political parties into weakening provisions in the proposed Bill of Rights. "Nothing has prevented Cosatu from making submissions to the Constitutional Assembly, and nothing prevents it from still so doing."

The PAC said it supported the stay-away call.

The PAC has been against the property clause and locking out of workers being in the constitution since the Kempton Park negotiations, PAC labour secretary I Khoisan X said.

Property should be dealt with in legislation, and legislation should provide access to property for the poor rather than protecting the rich.

Big business should ensure that working class demands were met rather than supporting injustice and complaining about the effect of a national strike.

Comment: Page 14

ANC now doubtful over strike wisdom

Star 23/4/96

Apparent backtracking by ruling party
after criticism from several quarters

By JOVIAL RANTAO, JUSTICE
MALALA AND PATRICK BULGER

The Cosatu call for an April 30 general strike is under a barrage of condemnation from political and business organisations, and the ANC appeared to be backtracking today when it moved to "clarify" a statement in which it expressed full support for Cosatu's actions.

ANC spokesman Ronnie Mamoepa said the final decision on whether or not to fully support Cosatu's action will be taken by the ANC constitutional structures. He expressed hopes that the ANC's national working committee, which meets every week, will also deliberate on the issue.

Mamoepa said in principle the ANC supported Cosatu's right to strike and engage in other peaceful protest in support of their demands.

He repeated the organisation's backing for Cosatu's position on the lock-out clause.

National Party leader Deputy President F W de Klerk yesterday joined the chorus which rejected what would be the giant trade union federation's first major protest against the Government of National Unity.

De Klerk said the planned one-day national strike would lead to a further fall in the value of the rand.

He challenged the ANC to reject Cosatu's stayaway call.

Political and business organisations have warned that investors will be scared off and that the beleaguered rand will take a further dive.

The strike, which has been supported by the Pan Africanist Congress, may also lead to some workers taking next Monday off to give themselves a five-day long weekend that would end with the official May 1 holiday, the Afrikaanse Handelsinstituut (AHI) warned yesterday.

The 1,6 million-member Cosatu said at the weekend it would mount the strike, as well as marches and pickets on Friday this week, to support its demand that the rights of employers to lock striking trade unionists out of production plants, as contained in the interim constitution, be scrapped.

The National Council of Trade Unions, the second party in a shaky alliance of trade union federations, has supported the action.

But the third party, the Federation of SA Labour Unions (Fedsal), is unlikely to join Cosatu's action, secretary-general Dannhauser van der Merwe said.

The federation's executive will meet today to decide whether to join Cosatu, but Van der Merwe said the two parties had areas of disagreement and it was unlikely Fedsal would join Cosatu.

Business South Africa said it deplored the strike call and was

Tuesday April 23 1996

Anger at call for national strike

(132) (140A) (132)
From Page 1
Star 23/4/96

alarmed at the apparent support by the ANC for "this confrontational approach"

"Apart from the serious consequences for constitution-making, the signals Cosatu's campaign send to the international and investing community are also to be greatly regretted," BSA said.

National Party secretary-general Roelf Meyer said the country could ill afford the action, which he said was "irresponsible, silly and unacceptable".

"There's no justification for such actions. It is also unacceptable and disappointing that the ANC supports Cosatu's actions while being a party to the negotiations itself."

The Democratic Party said the rand would go into freefall because of the action, and that the ANC's backing of it was inexcusable. "What responsible government anywhere in the world would encourage a nationwide strike?"

The IFP said it was "absurd that Cosatu should encourage an extremely costly and confrontational strike merely because it ostensibly wants to express its views".

It said employees' right to strike should be counterbalanced by employers' right to lock out.

The SA Chamber of Business's Gerrie Bezuidenhout said the strike was unfortunate. Its impact would depend on whether workers supported it, but it would likely incur millions of rands in lost production.

AHI president Mof Terblanche said the strike could lead to further depreciation of the rand.

Although this could improve South Africa's price competitiveness in the short term, it could also lead to higher wage demands by workers, he added.

The strike has been called in the runup to the May 8 vote on the constitution.

The constitution is due to be tabled ahead of a two-day sitting of the Constitutional Assembly beginning in Parliament today.

Cosatu is also calling for the property clause in the new constitution to be dropped and for the constitution to make no mention of property rights. Although the ANC supports this position, ANC sources have indicated the party could support the Cosatu position if it is faced with the prospect of supporting a property clause it is not happy with.

► To Page 2

Workers ready for general strike over lock-outs (132)

ESTELLE RANDALL
Labour Reporter

ARC 24/4/96

WORKERS are ready for next Tuesday's general strike, which will go ahead unless the National Party and Democratic Party agree to drop their support for the lock-out clause in the final constitution.

Congress of South African Trade Unions (Cosatu) general-secretary Sam Shilowa said in Cape Town today that there could be no compromise over the demand that the clause which would give employers the right to lock out workers be dropped from the constitution.

He said that if other trade union federations did not come out in support of the strike call Cosatu would go it alone.

He also dispelled suggestions that the strike did not have support from the ANC and the SA Communist Party.

Mr Shilowa said that excluding a lock-out clause did not mean legislation could not include lock-outs under specific conditions. Cosatu had accepted that employers' be given a circumscribed right to lock out in the new Labour Relations Act.

Farming unions warn on strikes

Louise Cook

(132) (132) (132)
BD 24/4/96
AGRICULTURAL unions yesterday added their voices to a barrage of criticism from political and business organisations on Cosatu's call for a national strike next Tuesday.

The unions warned that farm strikes were still illegal and would lead to "large-scale" job losses on farms. Transvaal Agricultural Union manpower committee chairman Laurie Bosman said workers would not be paid if they did not work. Strikers would run the risk of dismissal, he said.

Free State Agricultural Union manpower committee chairman Daan Slabbert also warned of job losses if union leaders were guilty of "irresponsible actions" on April 30. Workers would "carry the consequences".



Cosatu 'will go it alone if necessary'

BD 24/4/96

(132)

Renee Grawitzky

COSATU last night reiterated its call for a strike on April 30 — in support of outstanding constitutional demands — and its position that it would “go it alone” if it did not receive support from other trade union federations and mass democratic structures.

This call comes in the wake of equivocal statements by the ANC and indications that although the Federation of SA Labour Unions (Fedsal) supported Cosatu's position on the lockout clause being excluded from the constitution, it would not support the strike.

Ambiguity about ANC support resulted from the fact that there had not been any consultations yet within its structures. At the same time it wished to give a clear indication of support to Cosatu.

The ANC reiterated its support for Cosatu on the lockout clause and called on all South Africans to support Cosatu's position.

Cosatu assistant general secretary Zwelanzima Vavi said as far as the federation was concerned it had the ANC's support and it was confident that the ANC would not leave the federation in the lurch. Vavi said there was no possibility of the strike being called off

The NP yesterday attacked Cosatu's strike call and the ANC's support. NP secretary-general Roelf Meyer said “the country can ill afford this irresponsible, silly and unacceptable decision by Cosatu. There is no justification for such actions.”

The SACP, in supporting the strike, criticised those who were complaining that the ANC was supporting the strike “despite its participation in the constituent assembly”.

“It is an attitude typical of those who believe that the majority of people in our country should be seen but not heard.”

National Union of Metalworkers of SA general secretary Enoch Godongwana said condemnation of the strike “reflects the apartheid divide”, with the white establishment supporting its past privileges. He said the outstanding constitutional issues were not about technical details, but could result in “precluding the deepening of democracy and transformation in the long term”.

The SACP agreed and said those trying to entrench a lockout and property clause were, “at the end of the day, seeking to entrench powers and privileges derived from an apartheid past”.

WITHIN weeks of each other, the SA Foundation and the trade unions have tabled significant economic documents. Both begun with roughly the same thought two years have passed since the political breakthrough in our country, now is the time for greater economic decisiveness.

For labour, going forward means carrying the logic of political democratisation into the social and economic domain. The SA Foundation document, Growth For All, has a very different agenda.

I have the impression the sponsors of Growth For All were surprised by the rapid and vehement ANC criticism of their intervention. Reasons for the criticism lie partly in the detail of their document, but also, and more profoundly, in its implicit overarching assumptions. I do not believe that these have yet received sufficient attention.

Growth For All tells us that SA's "political miracle" must now be followed by an "economic miracle". However, as the ensuing chapters make increasingly clear, the economic miracle is a "disappearing act". What it hopes to make disappear is, precisely, a large chunk of the political miracle about which it pretends to be so proud. The first target is government.

The document invokes the usual neo-liberal mantra of radical deregulation, liberalisation, a "brick privatisation programme", major cuts in taxes, and the reduction of government spending as a share of GDP (by about 2% a year).

These measures will strip government of any effective strategic role in the economy.

We have just installed the beginnings of democracy, and already we are being asked to replace elected government with government by an unelected market.

In pushing this agenda, the document ignores overwhelming evidence on the key role the state has played in growth and development over the past century. This has applied particularly to societies (like our own) in which a huge reconstruction effort has been required to break out of wartime ruin, or economic depression, or Third-World backwardness. Examples include the US in the depression years, Western Europe after the war,

SA Foundation's

document is a case of selective amnesia

JEREMY CRONIN

(132)
B7D 24/4/96

Japan in its initial period of industrialisation (and again post-1945) and, more recently, China and the Asian Tigers.

The document bases some of its underlying assumptions on a total misrepresentation of these realities.

We are told, for instance, that the "gap between North and South Korea" proves the superiority of the free market over central planning—as if South Korea, particularly in its critical takeoff period, presents us with anything remotely resembling the deregulated, unplanned, liberalised economy and minimalist state recommended for SA.

Growth For All has to admit the last major growth spurt in the SA economy was driven considerably by the public sector. Back in the 1960s and 1970s SA's overall investment record was quite impressive. Booming investment helped the economy grow at 4-6% a year on average. A great deal of this investment, though, was by the public sector.

Why the "though"? In the 1960s and 1970s, the document can say, much of this public investment was "inefficient" and "wasteful". That is true, the public sector in that period was guided by an apartheid agenda. The document correctly mentions Mosses and township construction in "the wrong places". But this is an argument against having an apartheid public sector.

However, having used the inefficiency argument in order, by contrast, to argue against any substantial role for the public sector in development, the document at other



CRONIN

moments likes to forget this argument. Instead, it tries to attack the public sector down an entirely different flank. There is no need for major public sector-led infrastructure development in our present situation, it tells us, because SA's "economic infrastructure looks quite sound". Suddenly all those townships are well located.

But the document does not want to dismantle the new state entirely. Business, after all, needs a law-and-order state that can protect property, discipline the unions, and force poor communities to pay for services. (Failure to pay for services is consistently treated under "dealing with crime and violence.")

Grudgingly, the document does also concede a minimal welfare role to the state, provided it confines itself to the ghetto of the absolutely despicable. Just how minimal the state's economic role is intended to be, and just how barbaric are the levels to which Growth For All is prepared to stoop, are reflected in a section on old-age pensions.

The authors are horrified that some of the present recipients of old-age pensions actually live in households "with per capita income close to or above the minimum living level". They refer to a 1993 study in KwaZulu-Natal in which "about 42% of total old-age pensions paid out was received by households with pre-pension per capita incomes of about R168 a month..."

Besides the new democratic government, the other prime target of the document is the trade union movement. The document is quite forthright: "another disadvantage is that the trade union movement is one of the strongest in the world."

The main line of attack against unions is in the document's central proposal of a "two-tier labour market". If the SA Foundation were making recommendations for Malawi it would not even consider a first tier. So there is a backhanded compliment to Cosatu in this proposal. But it seeks to perpetuate the apartheid dual economy in a new, formally deracialised, variant. How many capitalists are going to remain in the first tier when there is a sweatshop second tier down the road? In the end, this is the direction in

which the document hopes to coax us, a sweatshop economy geared to export and not domestic needs. It is a strategic perspective that is unjust and unworkable.

The Asian Tigers achieved their export-led growth in a very different global situation. Today virtually every other Third World society is also being coaxed into this race to the bottom, where each state competes against every other state to make itself, in the words of Michael Valsey, "more attractive to global commerce and the ambulatory well off."

There are many things that should be common cause within the SA debate. Present proportions of public sector consumption (versus investment) spending are too high, major public-sector restructuring must occur, our economy is not sufficiently productive, we need to exert great caution not to fall into a debt trap; we cannot ignore new global realities. But the framework within which one locates one's responses to these challenges is abso-lutely decisive.

Growth For All tells us: "Only a decade or two ago, SA was a fairly low-crime society." Is this arrogance or innocence? In the heyday of apartheid, whole communities were being dispossessed of land and homes, grand larceny of this kind, and brutal repression, created, among other things, a two-tier labour market.

In the midst of this decades-long crime against humanity it was still possible, perhaps for a privileged minority, to view matters from the security of boardrooms and suburbs and to conclude that SA was "a fairly low-crime society". It is unforgivable to think like this in 1996.

There is, then, another vanishing act in the document or, rather, an appeal to amnesia. It expects the "political miracle" of April 1994 to draw a veil over the economic past, to declare a general amnesty on the complexity that existed between white minority rule and the vast power that still dominates the marketplace. The SA Foundation should not be surprised if the labour caucus at the National Economic, Development and Labour Council and the ANC alliance have a different view.

□ Cronin is SACP deputy general secretary and a member of the ANC national executive committee.

ANC backs one-day strike action – Cosatu

Star 24/4/96

BY PATRICK BULGER
Political Correspondent

Cape Town – Congress of South African Trade Unions secretary-general Sam Shilowa said yesterday he was confident the ANC was fully behind Cosatu's proposed one-day strike on Tuesday next week.

Shilowa made his comments to journalists here as the ANC appeared to back away from its earlier statement of support for the strike.

President Mandela yesterday sought to allay fears about the consequences of the looming action.

He told reporters at Waterloo air base that "this is not the first time we are going to have a strike".

The one-day strike next Tuesday, as well as strikes and pickets on Friday this week, have evoked protests from opposition parties and the business sector.

Shilowa said he had discussed the strike with ANC leaders and that discussions had taken place with ANC structures at regional and local level at the suggestion of

the ANC leaders.

Yesterday, however, the ANC issued a statement saying that while it supported Cosatu's positions and its right to call a strike, the action had to be referred to the ANC's constitutional structures.

At the weekend the ANC had called on "all freedom-loving South Africans to support Cosatu's 24-hour national strike on April 30 around key outstanding constitutional issues, and to participate in the pickets and strikes on April 26".

Cosatu has called the strike to rally support around its demand that the employers' lockout clause right be dropped from the constitution, a position opposed by the NP, the DP and business.

Shilowa said the strike action was not directed at the Government or at the ANC, but solely at those three opponents.

He warned that further industrial action, which will attempt to pressure the three groupings, would be announced at Workers' Day rallies on May 1.

The National Council of Trade Unions, will decide tomorrow whether to join the strike.

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NEWS POLITICS

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Division shown up by strike call

sewetaar 24/4/96

By Abdul Millazi
Labour Reporter

THE Congress of South African Trade Unions' (Cosatu) call for a national strike next week in protest against the inclusion of the lockout clause in the final Constitution has exposed the country's political and racial divide

Major white political parties such as the Democratic Party (DP) and the National Party (NP) have criticised the action, while progressive black organisations, including the African National Congress, Azanian People's Organisation (Azapo) and Pan Africanist Congress, cast their lot with Cosatu

Since the beginning of negotiations between organised labour and business at the National Economic Development and Labour Council (Nedlac) last year, Cosatu has strongly opposed the locking out of striking workers and the inclusion of the property clause in the Constitution

Cosatu spokeswoman Ms Nowethu

Mpati said "The reason why the white parties are supporting big business' call for the inclusion of these clauses in the Constitution is that it is black people who are affected. The economy is also still in the hands of the white minority"

Mpati warned that the strike, which is expected to draw millions of black workers around the country, might take more than one day if big business, the DP and NP do not change their positions on the matter

Azapo president Mr Mosibudi Mangena said victory for big business and the white parties would undo the achievements notched up by workers over the years

"The whites are making sure that we remain where we are economically and socially Ours will remain the politics of toy-toying and demonstrations."

Mpati echoed Mangena's sentiments, saying "workers are stakeholders in the economy The future of their children and generations to come is at stake"

Subcontracting opens opportunities for blacks

(132)



Sowetan 24/4/96

ALTHOUGH SUBCONTRACTING has become one of the new trends in the corporate world and has provided an opportunity for black empowerment it has angered trade unions who fear job losses. Labour Reporter Abdul Mlazi reports.

the criteria by which outsourcing decisions would be taken. Some of the criteria include that the decision should make business sense and be financially justifiable.

MAJOR South African companies are subcontracting and restructuring in a bid to become more competitive in global markets.

While the labour movement objects to subcontracting saying it could precipitate job losses the move is opening up opportunities for black business.

He argues that the privatisation debate would inevitably increase the interest in contracting out as has happened internationally where substantial permanent workforce reductions have occurred.

Another agreement the union signed with De Beers goes a little further. It binds the mining house to advise the union of subcontracting agreements before they are signed.

The agreement also binds the companies to make permanent all positions except temporary workers employed to do relief work provided their employment does not exceed six months.

White domination

The vice-president of the Pretoria branch of the Black Management Forum, Kate Mamabolo says subcontracting is the only way small black businesses can assist small business to break into the big league and also end white domination of the country's economy.

● Lower overheads

● More effective management of human resources including career-pathing, skill-formation and training plans since routine and repetitive jobs are no longer undertaken by the company and

Elize Swart an economist with the Afrikaanse Handelsinstituut says subcontracting contributes to economic growth and job creation because small business gets the opportunity to expand.

Non-core service

In the manufacturing industry, several companies have subcontracted non-core services like cleaning, laundry, security transport and canteens.

● The possibility of signing job-security agreements with the remaining workers in return for their commitment to productivity and restructuring programmes.

In the auto manufacturing sector VW South Africa and Nissan signed what became known as the "outsourcing agreement" which specified

However if subcontracting is done on a basis to get rid of or bypass the rights of employees it is destructive," says Swart.

Mamabolo argues that many black businesses began as small enterprises and have remained as such indefinitely. This has to change. Blacks need aggressively to market themselves as capable people so that big corporations can recognise and accept their services.

The retail sector has been employing more casual and temporary workers. By 1990 25 percent of workers in the retail industry were casual. That number has increased since then, but there are fresh statistics.

These agreements are mainly to monitor and regulate the practice but not to stop the trend.

For instance, the National Union of Mineworkers which has been the most vocal and quick to take action against subcontracting, signed two historic agreements with major mining houses which commits the

growth boost from agriculture is unlikely to be repeated in 1997. Growth could be halved for a year or two - though stronger exports should help the economy fend off adversity.

If black businesses can take the majority of the contracts in major companies, they will stand a better chance to grow and may become conglomerates themselves.

However trade unions have a different outlook. This was demonstrated late last year when Government

announced its intentions to privatise some of the parastatals. It triggered organised labour's anger which had for some time lain latent.

Demonstrations swept the country and the Government was forced to open the issue up for negotiations.

National Economic Development and Labour Council's (Nedlac) director of information Lomni Saayman says while these developments may seem dramatic to organised labour, the levels of contracting out services in the country are still lower than those in many newly-industrialised countries in other parts of the world.

Despite industrial actions various industries have maintained their restructuring plans.

Saayman says the trend indicates that the closed nature of the economy, particularly for manufacturing and services, has insulated many industries from a general international trend to reduce work forces.

Not surprisingly, the high-profile

trade-exposed sectors such as auto manufacturing are some of the first to push for more changes, says Saayman.

Saayman says there have been few agreements between trade unions and employers on subcontracting.

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Nedlac enters debate on a growth accord for SA

Greta Steyn

BO 25/4/96

(132)
(42)

THE National Economic, Development and Labour Council (Nedlac) secretariat is to provide impetus to the debate on a growth accord for SA, with a document highlighting the areas of agreement and disagreement between negotiating partners.

Nedlac executive director Jayendra Naidoo said yesterday submissions on a growth strategy had been received from labour and business, but not yet from government, the community constituency or black business group Nafcoc. He was speaking ahead of today's key executive council meeting, at which a decision is expected to be taken on how to achieve a social accord on a growth strategy for SA.

"A consolidated document is being planned which reflects the areas where the different constituencies are closer and those where there are most disagreement. With a matrix like that, one can start seeing the issues," Naidoo said.

It is expected that today's meeting will nominate a special group to deal with the issue after the original idea of a large "bosberaad" of stakeholders fell through. An important issue to be decided is whether to try to achieve an overall growth accord or to negotiate a series of "mini-accords" on specific issues.

Labour Minister Tito Mboweni has indicated he favours the latter, as the divisions between negotiators are so wide an overall accord seems unlikely.

Call for lockout after Cosatu strike

(102) (4406) (132)
Renee Grawitzky
and Tim Cohen **BD 25/4/96**

A PRETORIA company, Silk and Textile Industries, has called on other companies to join it in a planned lockout of Cosatu-affiliated union members on May 3. It was reacting to the federation's decision to strike next week against a lockout clause being included in the final constitution.

Meanwhile Cosatu tried to strengthen its ANC ally's bargaining position yesterday by reiterating its opposition to the constitutional entrenchment of any form of lockout, and threatened additional labour action beyond Tuesday's stayaway if its demands were not met.

Gauteng premier Tokyo Sexwale told a business breakfast this week that if asked, he would have advised labour to rather strike on May Day, May 1, which is a paid public holiday. He said, however that he did recognise the right to strike.

Cosatu general secretary Sam Shilowa said the lockout clause was not negotiable.

Asked if Cosatu would oppose the inclusion of a "defensive" lockout clause in the constitution, similar to that which is included in the new Labour Relations Act, Shilowa warned that Cosatu would not compromise on the issue.

Cosatu had accepted the inclusion of a defensive lockout mechanism in the new Labour Relations Act based on pragmatic considerations and the parties' relative bargaining strengths.

Shilowa said any intervention by President Nelson Mandela and NP leader FW de Klerk to break the deadlock would be unacceptable if Cosatu was not consulted.

BD 25/4/96 Continued on Page 2

Lockout (102) (132)

Continued from Page 1

Asked about claims that Cosatu's stayaway call would cause further instability of the rand and a decline in investor confidence, Shilowa agreed with ANC MP Philip Dexter who said investors who failed to subscribe to basic rights should be told "thank you but no thank you".

Shilowa took issue with Business South Africa's arguments that Germany and Sweden specifically included the right to lockout in their Bills of Rights. Neither country in fact did so, he said.

Shilowa reiterated Cosatu's claim

that the right to strike did not balance the right to lock out because of the "huge inequality in power" between employees and employers.

If the lockout became a right, the right to strike would be neutralised, thus rendering collective bargaining nothing more than collective begging, he said.

Silk & Textile Industries wrote to the Rosslyn Industrialists Association in Pretoria saying it would stage a lockout on May 3 "to protect our right to lock out for as long as workers have a right to strike". The company asked if other companies would "consider this exercise in democracy".

Cosatu and the SA Clothing and Textile Workers' Union rejected the plan as a "cheap publicity stunt".

RAMAPHOSA CONFIDENT

'Issues will be resolved in time to avert strike'

CF 25/4/96 CF

(132)

COSATU secretary-general Mr Sam Shilowa says he is willing to discuss calling off Tuesday's general strike if his organisation's demands are met.

CONSTITUTIONAL Assembly chairman Mr Cyril Ramaphosa is confident that outstanding constitutional issues will be resolved in time to avert a national strike on Tuesday

Ramaphosa, said in an interview yesterday — the second day of the two-day first reading debate of the Constitution Bill — that the negotiators were also sure they could resolve the outstanding issues without the intervention of party leaders.

However, he met President Nelson Mandela, National Party leader and Deputy President F W de Klerk and NP secretary-general Mr Roelf Meyer yesterday to discuss the possibility of convening a weekend meeting of the ANC and the NP if the issues have not been resolved by then.

Ramaphosa said the outstanding issues were the clauses on education and language and the lockout clause

Earlier in the day, Cosatu secretary-general Mr Sam Shilowa told a media conference in Cape Town he would discuss calling off the strike with Cosatu's executive if their demands were met

Cosatu has called on workers to stage strikes and pickets tomorrow and to take part in a one-day national strike on Tuesday. It wants the lockout clause in the draft constitution dropped in its entirety

Shilowa warned that further industrial action would be announced at May Day rallies



WILLING TO TALK: Cosatu secretary-general Mr Sam Shilowa at a media conference yesterday

Today the parties will table their proposed amendments to the constitution when the document goes back to the Constitutional Assembly's constitutional committee for consideration.

The debate continued in a fiery spirit yesterday

Justice Minister Dullah Omar described the Bill of Rights as the most enlightened rights document in the world, and warned that the ANC would not agree to a constitution that entrenched privilege

Parties were expected to flood the Constitutional Assembly's administration with amendments to the bill last night and today

Democratic Party leader Mr Tony Leon told the assembly's plenary yesterday afternoon that his party would

table more than 80 amendments by the end of the day.

The Pan Africanist Congress gave notice of at least seven.

The National Party said its amendments would include education, the preamble and the security and freedom of the person.

It would also table an amendment on the retention of the death penalty under certain circumstances.

The ANC is expected to propose an amendment on the language clause

The NP and Freedom Front say that they feel particularly strongly about education, while the DP and other parties have strong views on the property and lockout clauses in the Bill of Rights

The African Christian Democratic Party has voiced strong concern about what it sees as a reduction of God in the constitution's preamble, as well as the right to life clause dealing with abortion in the Bill of Rights.

A Constitutional Assembly spokesman said yesterday it had been decided to adopt a flexible approach to accepting amendments

The assembly's management committee, which meets at 8am today, would be given an idea of what amendments had been submitted by then, but further amendments would still be accepted during the day

The amendments would then be discussed by the constitutional committee until the next scheduled sitting of the full Constitutional Assembly on Friday next week.

The assembly's plenary completed its two-day first reading debate on the bill for the final constitution last night — Political Staff, Sapa

'Lockout' strike may be averted - Ramaphosa

(132) (972) (1474) Star 25/4/96

BY PATRICK BULGER
Political Correspondent

Cape Town - Constitutional Assembly chairman Cyril Ramaphosa is confident outstanding constitutional issues will be resolved in time to avert a planned national strike on Tuesday

Ramaphosa, speaking to The Star at Parliament during the second day yesterday of the two-day first reading debate on the Constitution Bill, said the negotiators were also confident of resolving the outstanding issues without resorting to the intervention of party leaders "I think we will resolve all issues before April 30," he said

Yesterday, however, Ramaphosa met President Mandela, NP leader and Deputy President F W de Klerk as well as NP secretary-general Roelf Meyer. It is understood the meeting discussed the possibility of convening a weekend bilateral involving the ANC and the NP if the outstanding issues are still on the table

Ramaphosa identified them as the education clause, the language clause and the lock-out clause

Earlier in the day, Congress of SA Trade Unions general secretary Sam Shilowa told a media conference in Cape Town that he would

be prepared to discuss calling off the strike with Cosatu's executive if the trade union federation's demands were met.

Cosatu has called on workers to engage in strikes and pickets tomorrow and take part in a one-day national strike on Tuesday

Cosatu is demanding that the lockout clause contained in the draft constitution be dropped in its entirety. Both the interim constitution and the draft before the CA allow employers to lock striking workers out of production plants

Shilowa warned that more industrial actions were in the pipeline and these would be announced at May Day rallies on Wednesday.

Weekend meeting 'if necessary'

Yesterday the political parties continued to attempt to resolve outstanding issues. Today the parties will table their proposed amendments to the constitution as the document goes back to the CA's constitutional committee

The debate continued on a fiery note yesterday with Justice Minister Dullah Omar taking a hard line on the lock-out clause and the Bill of Rights

Describing the Bill of Rights as the most enlightened rights document in the world, he warned the ANC would not agree to a constitution which entrenched privilege

Jacob Ledwaba of the Letlha-
"When it is winter"

Test of strength

Cosatu to challenge lock-out clause in new constitution

(Special) (A9) (192) ARG 25/4/96

ESTELLE RANDALL

Labour Reporter

THE Congress of SA Trade Unions (Cosatu) has given constitutional negotiators five days to drop the controversial lock-out clause from the final constitution before it goes ahead with a general strike on Tuesday.

There could be no compromise. The National Party and Democratic Party must agree to drop the lock-out clause in the final constitution, said Cosatu general secretary Sam Shilowa.

Cosatu called for the strike last weekend to back its demand that the final constitution exclude employers' right to lock out workers.

It also wants the clause protecting property rights dropped and wants changes to clauses on provincial powers, and education and language, and a right to life clause which bans the death penalty and gives women the right to have abortions.

Business South Africa has expressed "alarm" at the strike call and the Cape Chamber of Commerce and Industry has labelled it "outrageous and irresponsible".

"A national strike will have a devastating effect on prospects for economic growth," Chamber vice-president and chairman of its human resources committee Johann Beard said in a statement on Tuesday.

"The immediate impact in terms of loss of earnings in the economy is bad enough. But a national strike on this wholly inappropriate topic will send worrying signals to business people in this country



Cosatu boss Sam Shilowa

and abroad that will severely prejudice prospects for economic growth in the years ahead."

Business South Africa expressed similar fears about the signals which Cosatu's campaign would send to the investors, "particularly at a time when the lack of overseas confidence in the rand has had such demonstrable impact".

Mr Shilowa, in Cape Town for a whistlestop round of factory and affiliate visits, but back at these warnings of doom.

"If you go to the archives on strike action you will find that these warnings are like an old record," he said. "The time has never been right for workers to exercise their power."

Mr Shilowa was firm that there



BY THE LEFT: Protesters on the streets on Tuesday to protest against some of the proposals in the new constitution

could be no compromise on the federation's demand for the lock-out clause to be dropped.

"The inclusion of the right to lock-out would empower bosses not only in the locking out of striking workers, but the lock out could also be used as an attempt to compel non-striking workers to accept variations in terms and conditions of employment."

He gave the recent example of De Beers which had locked out mineworkers to force them to accept fewer leave days. The National Union of Mineworkers (NUM) was currently taking the company to court over the issue.

If the lock-out could have been used against a strong union such as the NUM what would happen to

workers in sectors which were poorly organised, such as agriculture, Mr Shilowa asked.

Employers have argued that if the right to strike is included in the constitution, then employers' right to lock-out should also be included, so creating balance.

"To do anything less would be to favour labour rights at the expense of substantially disturb the balance within our industrial relations system," Business SA has said.

Cosatu has questioned this view, arguing that the reality is that there is a huge inequality in power between workers and employers.

"Workers have only their labour to sell. Employers own and control the means of production. It is a

specifically included the lock out in their constitutions were incorrect, he said.

"They have lied to the country and have treated political parties with contempt," he said.

The Swedish constitution gave employer organisations - not individual employers - a general right to industrial action. And there was no right to lock-out in the German constitution.

Instead German legislation gave employers the right to "defensive lock-outs", if these would be conducive to collective bargaining.

Mr Shilowa added that the United Nations Convention on Economic, Social and Political Rights, the European Social Charter and the International Labour Organisation explicitly recognised the right to strike but were silent on the right to lock out.

Regarding Cosatu's demand for the property rights clause to be dropped from the constitution, Mr Shilowa said that besides hindering land reform, including such a clause could curtail workers' rights to picket on factory premises.

He argued that property rights could be dealt with adequately through legislation and did not have to be elevated to a fundamental right through inclusion in the constitution.

He said that arguments from business that excluding a property rights clause from the constitution would scare off foreign investors was a myth.

"Even the American Chamber of Commerce has publicly, in its submission to the Constitutional Assembly, said that few countries have such clauses," he said.

The American Chamber of Com-

merce's submission advised that there was no need for a property clause in the constitution since existing expropriation provisions and common law of ownership were well-developed in South African law.

These would not necessarily be improved by a property clause in the constitution. Underpinning Cosatu's stand was that the constitution should reflect the years of struggle.

"It's not just being drafted in a vacuum," Mr Shilowa said, "and we can't pander to people who want to retard progress."

Meanwhile, the African National Congress has reaffirmed its support for Cosatu's strike action call.

Senior ANC constitutional negotiator Pravin Gordhan said that week that the ANC supported the call for a nationwide strike on April 30, as labour's calls for the removal of the lockout clause was consistent with the ANC's negotiating position.

He said Cosatu was a major role player in South Africa's political life and that its views on vital clauses such as labour relations had to be taken into account.

"It is a great pity that the minor opposition parties allow themselves to be lobbied and act as spokesmen for business interest in South Africa, but at the same time mischievously cry foul when Cosatu and the ANC state their position on the lockout clause."

Mr Gordhan said there were still some days before the Constitution had to be finalised and the "intensive efforts are being made to negotiate an acceptable solution."

Nedlac to lobby for pacts on issues

BD 26/4/96

(132)

John Dlodlu

BUSINESS and labour constituents within Nedlac have decided against trying to draw up a grand strategy for SA's growth and development.

Labour Minister Tito Mboweni said yesterday after Nedlac's first executive council meeting that Nedlac would instead pursue a strategy of forging a series of agreements on key issues.

The strategy would be based on Nedlac's discussion document "Framework for social partnership and agreement-making".

Mboweni said the document, drafted last year by Nedlac's secretariat, was aimed at putting Nedlac "in a high gear" by refocusing its efforts on key issues to be addressed by the social partners.

Thandi Sigodi, national convener of the National Women's Coalition, said the council — Nedlac's highest decision-making structure — had agreed the secretariat should consolidate all constituencies' positions and plan a series of meetings.

The first planning meeting, which would be at leadership level, should be held before Nedlac's annual summit in June.

The document's release last year sparked speculation that partners could be working towards a growth accord.

But Mboweni — backed by Nedlac's overall business convener Raymond Parsons — said he envisaged a series of deals on mutually identified issues.

He cautioned against high expectations.

Mboweni admitted that progress in Nedlac's first year had been slow, and said the country wanted action and delivery.

But Parsons said that the planning meetings might come up with specific targets to be achieved.

The thrust of the document is that a social partnership is crucial in tackling unemployment, poverty, low productivity, low growth and low savings.

Sigodi, who chaired yesterday's quarterly meeting, said the council had also confirmed the process of the competition policy — the discussion of principles of the law in Nedlac.

Recently, former Trade Minister Trevor Manuel — now finance minister — said he would instruct a team to write the law. This led to calls from some trade unionists to be represented in the team.

For battle

Mandela, De Klerk to seek a compromise as Cosatu jirrs

Renee Grawitzky and David Greybe

PRESIDENT Nelson Mandela and NP leader FW de Klerk will meet at the weekend to hammer out a compromise constitutional package which could see Cosatu call off its 24-hour strike scheduled for Tuesday.

As Cosatu geared up for mass action starting today, organised business joined attempts to resolve the deadlock over, among other things, the lockout clause which Cosatu wants excluded.

Marches would take place at lunchtime today around the country.

Cosatu general secretary Sam Shilowa said last night there was no question "at this stage" of the action being called off. Cosatu's executive committee was the only body which could take such a decision and no executive meeting had been planned. He said Cosatu had refused an NP request for a discussion with big business. He had indicated to the NP at a meeting yesterday that while Cosatu was open to discussion, a "solution cannot be

found in... a lockout clause".

Cosatu's Gauteng regional secretary Dan Mohapi said the ANC's national working committee would decide on whether to back the strike at a meeting scheduled for last night. Shilowa said the decision to strike came after ANC leaders had indicated to the labour movement that they could not abandon the "streets to right-wing forces", and that if they did so "we would have betrayed our revolution". Cosatu lambasted what it called the "tripartite alliance of the right" — big

business, the NP and DP — for using yesterday's sharp drop in the rand as a "propaganda tool". It said the rand had been falling for two months and other fundamentals were behind the slide.

The Chamber of Mines said "the hard line... by Cosatu on the constitutional lockout clause confirms the perception that Cosatu prefers threats and consequent damage to the national economy rather than to exhaust the negotiation process". The Afrikaanse Handelsinstituut called on Cosatu to call off the strike in SA's interests.

The Association of Industrial Minerals, Metal and Mining, representing small and medium-sized companies in the formal mining sector, yesterday backed a call by Silk & Textile Industries to lock out its employees on May 3 in reaction to Cosatu's strike.

Amanda Vermeulen reports textile companies have rejected the call for a lockout of Cosatu members. Frame's David Sable said a lockout would not improve links with unions.

See Pages 2 and 5

Cosatu strike to go ahead

~~(152)~~ ~~(152)~~ (132)
JOHANNESBURG. - President Mandela said today a planned national strike by the country's largest labour federation would go ahead on April 30

"It will take place, but not in a confrontational manner," Mr Mandela said after talks with Congress of South African Trade Unions general secretary Sam Shilowa

The South African currency took a battering this week, partly over fears about the strike, called by Cosatu to force its political opponents to give in during constitutional negotiations. - Reuter

ARG 26/4/96

Cosatu strikes a blow

(132) (132) mtg (12m) 26/4-2/5/96

Business says South Africa can ill-afford a national strike while investor sentiment is still fragile.
Madeleine Wackernagel
and Jacquie Golding-Duffy report

AS Cosatu members prepare to picket today (Friday), in advance of the first 24-hour national strike called this year, new evidence shows a significant increase in labour unrest in the first quarter. And this is just the beginning; activity is expected to escalate when the rounds of wage bargaining get under way in the second half of the year.

The mass action, according to business, could not come at a worse time in light of the rand's performance, and will compound foreign investors' reservations about buying into the South African economy.

The rand's reaction has been relatively muted, although it fell on the stronger dollar on Thursday. But there is an obvious cost to the economy in lost production. Ian Robinson, executive director of the Building Industries Federation South Africa, estimated loss in production to the construction industry alone at R200-million for the strike and public holiday.

Less easily quantified is the effect on investor confidence. "The massive investment we have been hoping for has not yet occurred," says Gerne Bezuidenhout of the South African Chamber of Business. "The prospect of a worsening strike situation must be a factor."

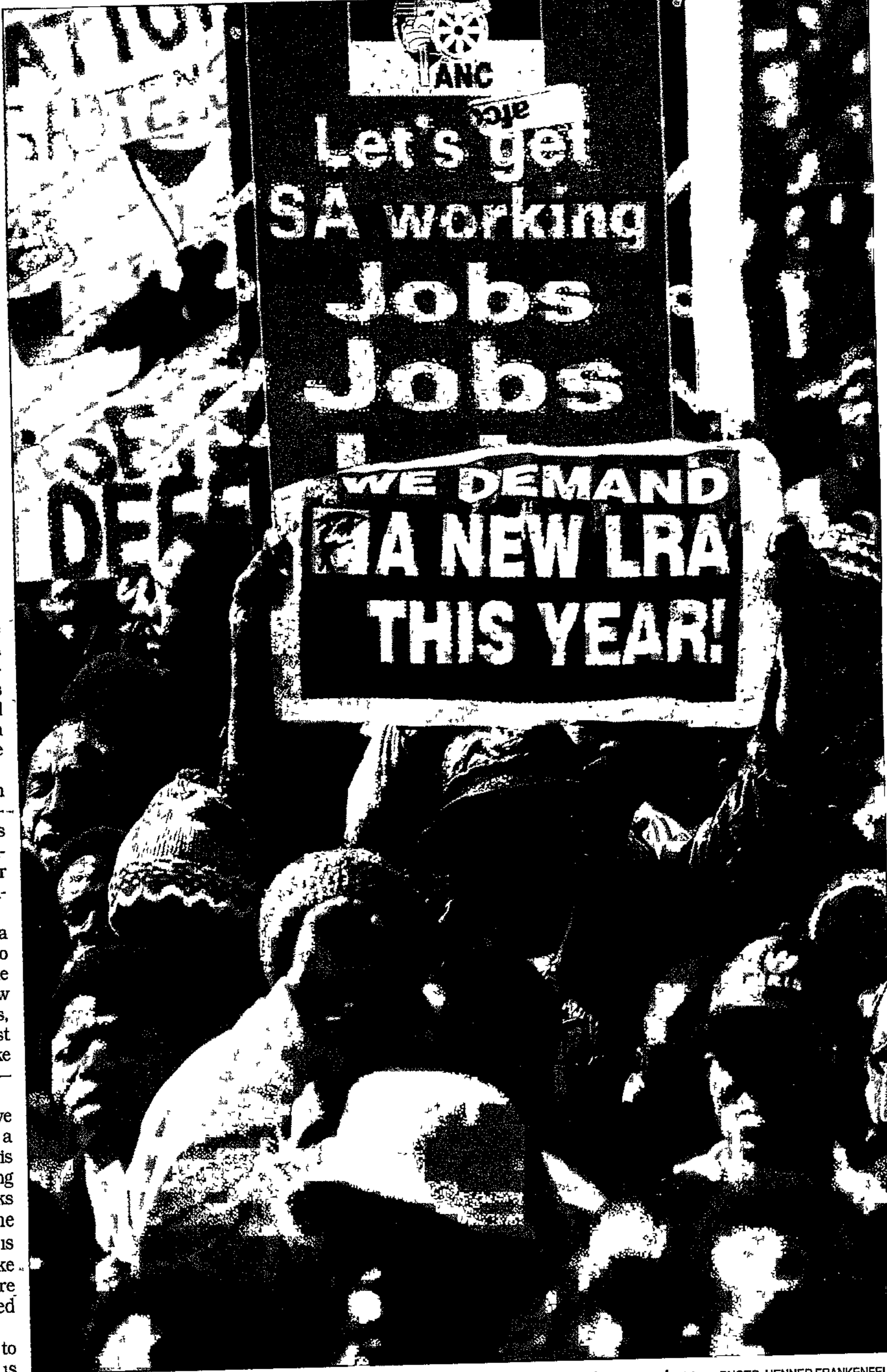
In the period January to March, a total 175 000 mandays were lost to strike activity, against 60 000 in the first quarter of last year, says Andrew Sparks of Andrew Levy & Associates, an industrial relations expert. Last year, 1.9-million days were lost to strike action, against 3.5-million in 1994 — and a record 9-million in 1987.

In contrast to last year, strikes have risen in number and size, pointing to a renewed union force. Calling a strike is relatively easy, says Sparks, keeping workers out on strike for several weeks is more difficult, and proof of the unions' strength. Another difference is the background to this year's strike action — 70% of mandays lost are down to grievances; wage-related issues contributed only 0.1%.

Sparks does not foresee a return to the "bad old days", but nothing is clear-cut. For its part, Cosatu's Nowetu Mpati could not predict a decline in the number of strikes. "It all depends on the relationship between labour and government, and labour and business. There are still plenty of companies that do not want to address workers' demands."

Business is frustrated that further discussions were not held to find a way out of the constitutional impasse. "Cosatu," says Robinson, "is being obdurate, even resisting discussing the issues at Nedlac. If Nedlac is not the right forum for such talks, what is?"

Cosatu says it is not striking for "the sake of it", but will go ahead with the action next week, no matter what.



Labour force: Business leaders say the mass action could not have come at a worse time PHOTO HENNER FRANKENFELD

The rights of labour have to be recognised, says Ravi Naidoo of the National Labour and Economic Development Institute, but it is too simplistic to see the issues as pitting capital against labour. "To say the unions are operating an agenda to disrupt the economy is nonsense. The rights of big business are already deeply entrenched; now it's labour's turn."

The 300 000-strong National Union of Mineworkers (NUM) has pledged its support, as has the National Union of Metalworkers. NUM general secretary Kgalema Motlanthe says it is the "one and only chance to ensure that the

lock-out clause is scrapped from the Constitution" Motlanthe says he expects "every self-respecting citizen" to rally in support of the strike.

There is some dissent, however. The Federation of South African Labour Unions (Fedsal) said the vast majority of its members were not in favour of action, although they agreed with the principle that the lock-out clause should not have equal status with the right to strike.

There is talk of a possible trade-off, and that the strike call is mere political posturing. Some say Cosatu will score

on the lock-out clause, but the property clause will remain in the Constitution.

In the end it may be up to President Nelson Mandela to intervene and reach a compromise. Labour Minister Tito Mboweni is keeping a low profile.

Cosatu is not easily bought off, should it fail to win this battle, it will call for a referendum, says a representative. An agreement that satisfies business, but does not alienate the workers, will need to be thrashed out before the final constitutional vote on May 8.

It's two years later and a crunch week looms

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132

Star 27/4/96

By PRAKASH NAIDOO

As South Africa marks its second year of democracy this weekend, the country faces a week of key political activity which could play a critical role in determining its future.

A series of developments in recent days have cast a cloud over the celebratory mood.

■ The brutal attack on a Zulu queen near Durban on Thursday led to a volley of accusations between politicians yesterday, fuelling fears that political violence in the already volatile KwaZulu-Natal could throw an even bigger question mark over the future of the province's May 29 local government elections.

■ With increasing concern as the rand continued to tumble this week, labour relations remain tense over an impending one-day national strike.

■ Political parties were still deadlocked over several ticklish issues in the new constitution which needed to be cleared before next week's deadline.

■ Adding to the problems is an expected backlash from motorists - particularly the taxi industry - over a 14c-a-litre petrol price increase, coupled with a doubling of vehicle licence fees and possibly more toll roads.

The wounding of the second wife of King Goodwill Zwelithini is believed to have caused further shudders in financial markets, already gripped by worries about the battered rand and compounded by concerns of labour militancy.

Finance Minister Trevor Manuel flew home yesterday after a tour of several financial capitals and immediately went into a briefing by his deputy, Gill Marcus, on the latest developments in the currency markets.

By yesterday morning the rand had plunged to an unprecedented low of R4,58 to the dollar. In spite of Cosatu's confirmation that Tuesday's national strike will go ahead as planned, the currency recovered slightly to R4,45 by midday, closing at R4,43.

Manuel, under growing pressure to act decisively to restore confidence in the rand, said in London last week that he might be in a position to review exchange controls when he returned to SA.

Although Reserve Bank Governor Chris Stals warned this week that acting too fast in the present situation would be a mistake, analysts expect an early announcement on exchange controls.

At a joint news conference with Cosatu general-secretary Sam Shilowa in Johannesburg yesterday, President Mandela appeared to support this speculation when he said the Government favoured a gradual phasing out of the exchange controls.

'Our business and industries must be internationally competitive, but phasing



NO WAY: Sam Shilowa has dismissed notions that the value of the rand has dipped because of Tuesday's strike

PHOTOGRAPH ANTON HAMMERL

Something for everyone at celebrations

Freedom Day celebrations, including skydiving displays, art exhibitions and military parades and flypasts, take place in downtown Pretoria as well as at the National Exhibition Centre in Johannesburg today.

Marking the second anniversary of South Africa's first democratic election, the celebrations begin at both venues at 9am and go on throughout the day.

At Nasrec, more than 700 troops, mechanised columns and 21 aircraft

will participate in a parade and flypast in the presence of President Nelson Mandela, culminating in the presentation of the nine-point star rank insignia to the chief of the SANDF.

Mandela will also attend the festivities in Pretoria.

Events, which take place at the Sammy Marks Square, Strijdom Square and Burgers Park, include art exhibits, jazz groups, food stalls as well as performances by various musicians.

out exchange controls must be done without causing further problems, such as unemployment," Mandela said.

The main reason for Tuesday's strike by Cosatu is to protest against business's insistence that a right to lock out workers involved in industrial disputes be included in the new constitution.

Mandela said the ANC supported Cosatu and added that he was sure labour's objections would be smoothed over when he hosts a meeting with business leaders next week.

The president said it would be pre-

mature to call for the strike to be cancelled, especially in view of tomorrow's meeting between the ANC and the National Party to discuss various outstanding constitutional issues on education, industrial relations and language.

But any expectation of reaching a compromise over the issue of a lockout clause was firmly dismissed by the president yesterday.

"There is no question of us including the question of a lockout in the constitution," Mandela said. "This is a matter that is already dealt with in the existing

labour legislation I don't think this is going to be a problem at all."

The president confirmed he had held talks with Stals on Thursday night as well as with the country's top business leaders - including Anglo's Harry Oppenheimer and Rembrandt's Anton Rupert - all of whom said they were prepared to help stabilise the situation.

Businessmen and opposition politicians have blamed the sharp dip of the rand on market fears over the implications of Tuesday's strike, a notion firmly dismissed by Shilowa.

Speaking to the *Saturday Star* after yesterday's news conference, Shilowa said the rand was a victim of currency speculators, who had latched on to the strike to play with the markets.

"The markets have been jittery over a number of issues, including concern over the president's health and the appointment of Trevor Manuel as finance minister. So I am not prepared to entertain this suggestion seriously."

Shilowa, equally firm about allegations that Cosatu's stand was driving off foreign investors, said corporations from other countries must be aware of the right of workers around the world to strike.

TO PAGE 2

P.T.O.

Mandela steps in over lock-out dispute

ST 28/4/96

(132) (145)

PRESIDENT Nelson Mandela will meet Deputy President F W de Klerk in Pretoria this morning, and in the afternoon bring together Cosatu and representatives of big business in an effort to resolve constitutional disputes threatening the economy.

The decision to involve Mr Mandela and Mr de Klerk in the talks follows almost two years of negotiations, after it has become clear that political decisions will be required to take the process further.

This week political parties came up with almost 200 pages of amendments. Most were technical, some substantive, but some could not be resolved between the NP and the ANC, the main parties driving the process.

The plummeting rand and the 24-hour strike planned by Cosatu for Tuesday sparked a renewed resolve to reach agreements as soon as possible.

As Mr de Klerk warned during the debate on the new constitution Bill this week, the pressure on the rand could be related to the present constitutional uncertainty on the property and labour relations clauses.

"What is contained (in these clauses) will have a profound impact on the future of the economy," he said.

The impasse over the labour relations clause revolves on whether workers' right to strike should be balanced by employers' right to lock them out.

Cosatu argues that, unlike employees' right to strike, employers' recourse to lock out workers is not a "universally accepted fundamental right", a view endorsed by Justice Minister Dullah Omar during the debate on the Bill this week.

He said: "A right to lock out can only exist in a situation in which there is equality between employer and employee, and in South Africa no such equality exists."

"If members (of Parliament) want a lock-out clause, they must first create real equality between employer and employee."

Talks between the NP and Cosatu failed this week to resolve the lock-out dispute, and it has been left to Mr Mandela and Mr de Klerk to settle.

On the agenda for today's meeting will also be the education clause. The ANC is at loggerheads with the NP over whether the constitution should



FACING THE PRESS: Cosatu's Sam Shilowa and Nelson Mandela
Picture: JULANI VAN DER WESTHUIZEN



CYRIL MADLALA

At the Constitutional Assembly

as a medium of instruction.

The NP has consistently argued that its proposal is not meant to benefit Afrikaners only, but all language, religious and cultural groups.

The parties appeared to be close to an agreement on the property clause which they are refining from a formulation proposed by experts.

The DP, in its amendments to the constitution, has rejected this whole compromise formulation. But the party has been effectively sidelined in the constitutional discussions.

There is strong feeling in the NP and ANC that the DP is inflexible.

As ANC MP Pravin Gordhan said: "The DP is so self-righteous and it arrogates for itself the belief which it enforces on all of us, that it is the only party that has solutions to democracy in South Africa, that it is the only party that can give guidance to all of us on what the democratic content of this constitution should be."

Fighting back during the debate, DP MP Ken Andrew said his party would not compromise a principle in order to strike a deal.

entrench single, parallel and multi-medium institutions.

Both parties are committed to the constitutional entrenchment of the right to be taught in one's mother tongue, or language of choice, where this is reasonably practicable.

The ANC, however, believes that entrenching single-medium schools amounts to reverting to apartheid education.

According to MP Blade Nzimande, the ANC spokesman on education, it also violates the spirit of the constitution. "It undermines some of the attempts by many Afrikaner schools to make themselves accessible to all children and students in our country," said Dr Nzimande, who denied that the ANC was against Afrikaans

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First with the goodies

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Constitution accord fails to avert strike

PRETORIA: Negotiators overcame most hurdles impeding the completion of the final constitution yesterday, setting the stage for last-minute talks today on tomorrow's Cosatu-led national strike

THE ANC and National Party yesterday agreed in principle on three of the four main outstanding constitutional issues, including a formulation on a lock-out clause in the final constitution, but unionists insist tomorrow's national strike is still on

ANC secretary-general Mr Cyril Ramaphosa and his NP counterpart Mr Roelf Meyer said after talks lasting more than 10 hours and attended by the country's top business, labour and government officials yesterday that they were confident the constitution-writing process would be completed by the May 8 deadline

Yesterday's deadlock-breaking talks were convened by President Nelson Mandela and held at his Pretoria residence. The meeting came after the rift reached an all-time low last week in a climate of constitutional uncertainty and in the shadow of tomorrow's looming national strike

The strike itself, which Congress of SA Trade Unions secretary-general Mr Sam Shilowa had reiterated would go ahead, will again be discussed with Cosatu today, Ramaphosa said. Shilowa said earlier yesterday "We remain convinced that we will find a way in which all of us can work together. But the strike continues"

Yesterday's talks also heralded last-ditch attempts to reach agreement on constitutional issues before the constitution is written into a bill tomorrow for tabling on May 8. Ramaphosa said the parties had agreed on "broad formulations" on the lock-out clause, and on clauses relating to education and official languages. The only point on which the parties are still deadlocked is the property clause, which Meyer said awaited further inputs from other parties which would not say what the agreements were until the ANC had met Cosatu in today's meeting and the NP had also met other parties aligned to it, Meyer said

they had "formulations which all the parties can live with". Ramaphosa said after yesterday's talks he no longer saw any obstacles in the way of South Africa's final constitution. "I am more than a thousand percent sure that we are adopting the constitution on May 8," he said, adding that both parties would have further consultations in their own ranks on new formulations of some outstanding clauses

After yesterday's talks had been in progress for four hours, Shilowa arrived to lobby ANC delegates against allowing employers the constitutional right to lock out striking workers from production plants. Shilowa wore red socks reminiscent of those worn by his declared hero, former Housing Minister and SA Communist Party leader the late Joe Slovo. In an echo of times past, his fellow trade unionists country-wide were gliding themselves "for rolling mass action" from tomorrow, a term coined in the run-up to the April 27 1994 election after the Boipatong massacre

At the same time business leaders, including some of the richest, most powerful men in the land, arrived to negotiate. The constitutional talks bore all the hallmarks of pre-April 27 negotiations. The two stars of that process, Ramaphosa and Meyer, were there, as were their political godfathers, Mandela and Deputy President F W de Klerk. Two years after the World Trade Centre bargaining that delivered democracy to South Africa, the spectre of tired, worried politicians resurfaced as the deadline for bargaining on the final constitution neared

And as before, a cold wind blew in from KwaZulu-Natal where Inkatha Freedom Party leader Chief Mangosuthu

ET 29/4/96



Buthelezi uttered a scathing attack on the final constitution. He warned that it might herald large-scale nationalisation as the property clause was so weak, alleging that the interim constitution was "strongly inclined towards socialism" and had been further diluted by "eliminating" the protection of free enterprise in the final constitution. Buthelezi claimed that the proposed new constitution was South Africa's recipe for a "totalitarian autocracy". "The greatest danger to liberty in this country is the ANC's new national constitution," he told followers at an Empangeni local government election rally. But he added that the IFP was prepared to rejoin the constitution-making process "before the May 8 deadline". "We are prepared to re-enter the constitutional process if the ANC will abide by the promise it made to us regarding international media-tion." Buthelezi also reiterated his view that the May 29 elections should go ahead as planned, despite recent ANC calls for a postponement. He claimed the ANC would "continue to whip up an atmosphere in which violence flourishes, hoping to reach a point at which a state of emergency is declared (and) they can declare the (IFP-led) KwaZulu-Natal government incapable of governing" — Sapa

BOND RATE SET TO RISE

- Homeowners can expect the bond rate to increase today.
- 'Govt's admission of defeat'

— See Page 13

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Strike still on despite progress in talks

(132)
(132)

Star 29/4/96

Negotiators agree on three out
of four outstanding issues, confident
of new constitution by May 8

By JUSTICE MALALA
Labour Reporter

The ANC and National Party have reached agreement in principle on three of the four main outstanding constitutional issues, including a formulation on a lock-out clause in the final constitution, but unionists insist tomorrow's national strike is still on.

ANC secretary-general Cyril Ramaphosa and his NP counterpart, Roelf Meyer, said after talks lasting more than 10 hours and attended by South Africa's most important business, labour and Government officials at President Mandela's Pretoria residence yesterday that they were confident the constitution-writing process would be complete by its May 8 deadline.

The meetings convened by Mandela yesterday came after the rand reached an all-time low last week of R4,58 to the dollar as tomorrow's strike threat neared, and uncertainty over the constitutional process spread.

The meetings also heralded last-ditch attempts to reach agreement on outstanding constitutional issues. Politicians have given themselves until the end of today to finalise the draft Bill to be tabled in Parliament on May 8.

Ramaphosa said the parties had agreed on "broad formulations" on the lock-out clause, edu-

cation and the language clause of the constitution.

The only point on which the parties are still deadlocked is the property clause, which Meyer said awaited further inputs from other parties which they would consult today.

On the strike, Congress of SA Trade Unions general secretary Sam Shilowa said yesterday: "We remain convinced that we will find a way in which all of us can work together. But the strike continues."

Although the parties would not say what the agreements were until the ANC had met Cosatu in a meeting scheduled for today and the NP also met other parties aligned to it, Meyer said they had "formulations which all the parties can live with".

Ramaphosa said after yesterday's talks he no longer saw any obstacles in the way of South Africa's final constitution.

"I am more than a thousand percent sure that we are adopting the constitution on May 8," he said. He said both parties would still have further consultations within their own ranks on the new formulation of some of the outstanding clauses.

Meanwhile, in a stinging attack on the final national constitution scheduled to be fully negoti-

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Monday April 29 1996

Strike goes ahead despite agreement

(132)
From Page 1
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ated this week, Inkatha leader Chief Mangosuthu Buthelezi has described its only worth as making the present deeply flawed constitution appear to be something positive.

The party warned the constitution held the door open to large-scale nationalisation because the property clause – itself under attack from Cosatu which wants it excised – was so weak. In addition, the present constitution which was "strongly inclined towards socialism" had been watered down further by "eliminating" any protection of free enterprise.

Buthelezi lashed out at the proposed contents of the new national constitution, claiming the country was faced with a recipe for a "totalitarian autocracy".

"There is no doubt in my mind that the greatest danger to liberty in this country is the African National Congress' new national constitution," Buthelezi told IFP supporters at a local government election rally near Empangeni on the KwaZulu Natal North Coast.

He added, however, that the IFP was still prepared to rejoin the constitution-making process before the May 8 deadline.

"Even at this late stage we are prepared to re-enter the constitutional process if the ANC will abide by the promise it made to us regarding international mediation," Buthelezi said.

The mediation agreement paved the way for IFP participation in the 1994 election. ANC reluctance to honour it has soured relations between the two parties.

Strike — Cosatu's big power test

ESTELLE RANDALL
Labour Reporter

THE Congress of SA Trade Unions' (Cosatu) decision to call a general strike tomorrow was not one which was taken lightly, Cosatu general secretary Sam Shilowa has said.

He spoke to The Argus while visiting factories in the Western Cape to talk to workers about the strike and also about the coming local elections in which the trade union federation aims to play a leading role.

Tomorrow's general strike is possibly the most important test of Cosatu's strength since the 1994 election — and the stakes are high.

It is the first time since then that they are publicly testing their political strength and in a sense their future as a key political player outside the workplace.

First stop on Thursday was the Central Laundry in Pinelands where he was scheduled to speak to members of the National Education, Health and Allied Workers' Union (Nehawu).

For the meeting, workers had gathered in the dining hall clustered around tables on which the remains of lunch were spread.

Songs of worker unity and struggle greeted Mr Shilowa's arrival, punctuated by clapping and the banging of cooldrink bottles on tables.

At the meeting he explained that the decision to call a general strike was made because the federation saw no other way of ensuring that the controversial lock-out clause was dropped from the final constitution.

We received a report about how the African National Congress had been fighting for the clause to be dropped and heard how the National Party

"When Cosatu sees there is a change being made, we will reassess and make a new decision".

and Democratic Party were refusing to do so," he told the workers mainly women.

"We held meetings with the NP but they continued to say no. Eventually, we decided to put forward a clear demand."

This was that either the lock-out clause be dropped or the federation would call for a 24-hour general shut-down of the economy.

"I met the National Party again today," he reported.

"They told me that big business was pushing them to include the lock-out clause in the constitution. Some NP members of parliament have come to me to say that they do not support this, and that they agree with Cosatu about the clause being dropped."

However, he said, the NP was still insisting that the clause be retained.

Asked by workers whether the strike would be called off if an agreement was reached to drop the clause, Mr Shilowa's answer was pragmatic.

"When Cosatu sees there is a change being made, we will reassess and make a new decision. It won't

be a silly decision. We would be prepared to call a meeting at midnight if necessary."

But meanwhile preparations would go ahead, as the federation's highest decision-making body had ruled.

Tomorrow, he said, workers in the Western Cape would meet at the Grand Parade in Cape Town. From there they would march to parliament where they would hand a memorandum to FW De Klerk.

This, he said, would say that workers did not want the lock-out clause in the final constitution. The memorandum would appeal to Mr De Klerk, as leader of the NP, to choose between promoting the interests of workers or those of bosses.

"If you're too embarrassed to say that the lock-out clause must be dropped, at least say publicly that you won't oppose the constitution if the clause is not in it," said Mr Shilowa, adding that the appeal would be in the memorandum.

The answers seemed to satisfy workers. But tomorrow will prove whether they were convinced enough to act. If they do, the action will improve the federation's ability to push through some of its other constitutional concerns. These include issues that are not narrowly union-centric but have a wider working-class resonance, such as the property rights clause, the amendments to the right-to-life clause, as well as the education and language clause.

On a more immediate note, support for the general strike call could also signal support for Cosatu's campaign for an ANC victory in local elections in the Western Cape and KwaZulu-Natal.

The federation has been linking NP and DP support for the lock-out clause inclusion in the final constitution to reasons why workers shouldn't vote for these parties.



UNION LEADER: Sam Shilowa

heading for a constitutional showdown

AR 15 29/4/96

Strike goes on, says union boss

ARG 29/4/96

(132) (132) (132)

ESTELLE RANDALL
Labour Reporter

TOMORROW'S general strike will go ahead, Congress of South African Trade Unions (Cosatu) general secretary Sam Shilowa said in Bellville today

He said the strike would go ahead whether or not there was in-principle agreement on outstanding constitutional issues, including the controversial lockout clause in the constitution, between the African National Congress and the National Party, as had been reported

He said no such agreement had yet been reached with Cosatu

Mr Shilowa told members of the Cosatu-affiliated National Union of Mineworkers (NUM) and the all-white Mineworkers Union (MWU) in Bellville that the leader of the Freedom Front, Constand Viljoen, had asked for a meeting with him

"I'm going to meet him," Mr Shilowa said, "to say to him he was elected by workers, white workers who don't want the lockout clause in the constitution I'm going to try to persuade him to support Cosatu in having the clause dropped"

In a first for worker unity in the mineral and energy sector, members of the Cosatu-affiliated NUM and the all-white MWU today joined forces to protest against proposals to privatise Eskom electricity distributors.

Mr Shilowa called for the workers to build on the unity they had achieved in the joint protest in Bellville today, to protest against the proposed fragmentation and privatisation of Eskom

"You need to ensure that this position [of worker unity] grows so that the divisions between the NUM and MWU are seen as a thing of the past."

"Workers are asking one question whose constitution is it? Are there going to be workers' rights or is it going to be a constitution which gives employers rights at the expense of workers?"

"The constitution is not being drafted in a vacuum. It is being drafted to give effect to the struggle which workers and other sectors have waged," he said to enthusiastic applause

In a memorandum to Eskom and the government, the NUM called for consolidation and rationalisation of the electrification distribution industry to channel resources to national needs. In the short term it meant Eskom taking over distribution rights from local authorities which were unable to meet RDP electrification targets efficiently

In the longer term it meant that government should eventually take ownership of a national distributor, the NUM said

Recommendations from the electricity working group, which excluded labour representatives, should be rejected - the group had recommended Eskom's National Distributor be divided and privatised

Cosatu geared for national protest

Renee Grawitzky

COSATU members countrywide take to the streets today in support of labour's demand for the exclusion of the lockout clause from the final constitution — amid uncertainty regarding the outcome of NP-ANC negotiations.

On the eve of the national strike, Cosatu leaders remained adamant that they would not accept any reformulation of a lockout clause tabled during talks between the two parties.

Cosatu assistant general secretary Zwelinzima Vavi warned yesterday that if the ANC and NP chose to go ahead with a reformulated lockout clause, they did so at their own peril

He said that "at this late hour" the strike could not be called off. The strike was not against ANC policy as the president and first deputy-president had shown their support for the exclusion by going to deadlock on the issue.

The DP warned that the strike would contravene the current Labour Relations Act.

The Chamber of Mines said the strike would have "little effect on member mines" as initial indications were that support for the strike was not "tremendous".

The National Union of Mineworkers said mines would be affected as the vast majority of workers were union members.

Workers in the metal, clothing and motor industries could be pe-

nalised by not being paid for May Day. A number of old industrial agreements provided that workers not be paid for a public holiday if they are absent without permission on the preceding day or after the public holiday.

Sapa reports Gauteng premier Tokyo Sexwale said government employees who went on strike today would not be victimised. He appealed to other employers to take a similar approach, and to strikers to respect those not supporting the strike.

Johannesburg Metrorail said that while a train service would be provided on all sections, "trains would not run on schedule because one third of conductors were expected to join the strike."

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FAMILY TIES



President Nelson Mandela, right, and Sam Shilowa, the general secretary of Cosatu

With no apologies

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ZWELINZIMA VAVI

While millions of people support today's Cosatu-led stayaway, others have voiced outrage

Cosatu has been accused of "bullyboy" tactics and attempting to ride roughshod over the consensus-seeking style which has characterised the constitutional negotiations. The strike is also claimed to have caused the value of the rand to plummet and to have put off potential investors. Cosatu rejects these spurious attacks and defends the legitimacy of the stayaway.

Cosatu remains committed to the RDP's undertaking, which received majority support as part of the ANC's election manifesto, that there should be no lock-out clause in the new constitution.

All democratic South Africans should be outraged at the attempt by the NP and DP to use a 4 percent veto, being the amount by which the ANC is short of a decisive two-thirds majority, to include provisions simply because some business leaders want a constitution to entrench a mechanism with which they can threaten trade union organisation.

Just as business displayed poor timing when the SA Foundation proposed a two-tier labour policy shortly after the negotiations over the new Labour Relations Act had been concluded, it is now parading its political naivete in expecting organised workers, who played a central role in the anti-apartheid struggle, to accept the weakening of their position in the constitution. The provisions of the constitution represent the fruits of the anti-apartheid struggle, or as Cyril Ramaphosa puts it, the "birth certificate of the new South Africa".

A moment's contemplation makes it quite clear that if anyone deserves the title "bullyboy" it is not Cosatu, but the captains of industry and their 4 percent veto in the Constitutional Assembly. They may not be embarking on a work stoppage — which, by the way, is legally guaranteed in the present constitution and in the Labour Relations Act

— but they are capable of using far more insidious means, like the threat to withhold investment due to "shattered confidence", to try and get their own way.

It is also worth noting how quickly new dogs can learn old tricks. Thami Mazwai, a well-known campaigner for black economic empowerment, writing in Business Day on Friday, criticised the ANC for remaining too close to Cosatu and for supporting a stayaway action. He believes that it would be better if the ANC focused on the job of "protecting the fragile economy and making it grow". The breaking up of the tripartite alliance has long been the battle cry of the business establishment and it must have brought smiles to many faces to hear Mazwai adding his voice as a late-comer to their chorus.

Obviously, the ANC and Cosatu share Mazwai's concern with the need for economic growth and "the protection of the fragile economy". But, on a basic level, this means that for Cosatu members, being mainly part of that 70 percent of households that earns less than R1 500 a month, it is crucial that the constitution provides them with every possible protection and ability to negotiate and act to improve the conditions of their families' fragile economies.

Some respond by arguing that what's good for Cosatu members is not necessarily good for South Africa, particularly the unemployed who they claim will be unlikely to get jobs if investors are frightened away. This view is too simplistic because, while it is correct to say that investment stimulates growth and employment, a further analysis of what stimulates investment is necessary. A recent survey by Professor Robin Less of the Nedcor Project shows that the key to stimulating investment is the potential for "market growth of product", and contrary to expectations, worker-friendly legislation does not serve as a significant disincentive to investors.

The growth path envisaged in the RDP sees a critical role for an active trade union movement and constitutional expression

needs to be given to this in the labour relations clause of the new constitution. This will create an environment which will stimulate increased investment, but there has to be acceptance that, as in all leading economies, action by workers as a counterbalance to the power of employers will be a normal feature of our industrial relations.

The argument that the right to strike should be balanced by the right to lock out is false. It is a commonly held view that, without the right to withdraw one's labour, collective bargaining would become nothing more than collective begging. If the right to lock out is included in the constitution, then the right to strike is neutralised as the employer has the right to prevent workers from working until they concede to its demands. In principle the lock-out is not necessary to keep the balance of bargaining power between employers and employees.

Allegations that Cosatu is being reckless in that its actions are causing the rand to slide are ill-informed and are usually an attempt to bully workers into submission. The rand began its slide long before Cosatu even started contemplating the stayaway action and it is more symptomatic of the volatility of the international currency markets and the vulnerability of medium-sized emerging economies than it is of our domestic disagreements.

Rather than merely fiddling with interest rates and the Bank rate, the authorities should seek more fundamental means to protect our currency. This includes ending uncertainty around exchange controls and by acting firmly against speculators.

Cosatu seems to be an easy target, blamed for all sorts of dilemmas from unemployment, to lack of investment, to the weak rand. We reject these spurious attacks and call on the population to support our campaign for the entrenchment of just and equitable labour relations provisions in the new constitution.

Zwelinzima Vavi is the assistant general secretary of Cosatu.

A bitter pill

ANN CROTTY

The government should reduce interest rates, maintain exchange controls and commit itself to a public works programme which would have as its core a state-led housing construction policy

These are some of the policy recommendations put forward in a controversial document prepared by Chris Lloyd and Stephen Rix at the request of, and in consultation with, the general secretary of the National Union of Metalworkers of South Africa (Numsa)

The document's starting point is that the South African economy exhibits all the characteristics of an economy in crisis — low rates of economic growth, high rates of unemployment, a declining currency, a worsening balance of payments situation, fiscal austerity and a declining level of business confidence

"South African economic policy, while conforming closely to the World Bank and IMF notions of necessary structural adjustment policies, cannot resolve this crisis. What is needed is a complete break with the past, and a concerted effort to revive the economy in the interests of all South Africans," it said

Referring to the South Africa Foundation's Growth for All strategy, the Numsa document

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states that this would take the economy "further down the path of self-imposed structural adjustment which appears to have become the government of national unity's new theology" While the recently released labour federation's document presents a more humane policy prescription, it fails to grasp the opportunity for growth through redistribution, which means that its recommendations are piecemeal and lack integration.

The Numsa recommendations place crucial emphasis on state-led housing construction because state procurement is exempt from the disciplines of the World Trade Organisation "State-financed and delivered housing construction would provide the space for interventionist industry policies to be implemented without the danger of harsh discipline from our trading partners" An added benefit is that a state procurement policy can also be used to enforce labour standards

A major attraction of a growth programme based on housing is its strong multiplier effect "Houses are constructed from materials which can largely be sourced from within South Africa. Where capacity constraints exist we acknowledge the need for special measures to ensure that these are overcome. This may even include tax concessions for investment"

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Government purchasing should be used to support domestic production "Where quality, delivery, etc do not meet standards then competition policy should be directed towards creating alternative suppliers"

"Using procurement and competition policy in this way would also enable labour market policies to become an element of industry policy, effectively closing the circle of coherent economic policies"

Increased government expenditure is implicit in the recommendations, but the authors emphasise "We are arguing for targeted expenditures designed to meet basic needs, which add to effective demand and which stimulate local production" They point out that there is no economic rule that states that budget deficits need to be kept low, "but they do have to be kept manageable", just as government spending has to be tailored to the needs of the country

In dismissing the recommendations of the South Africa Foundation, the Numsa document notes "Cutting the deficit, reducing government expenditure and paying off government debt would provide the capital which could take advantage of the removal of exchange controls to invest in international capital markets"

Government and business ties 'still strong'

CT(BR)30/4/96 (132)

By JAMES LAMONT

Johannesburg — The relationship between business and government was unaffected by the ANC's support for Cosatu's national strike call, Tito Mboweni, the labour minister, said yesterday.

He said the emergency summit on Sunday evening between representatives from trade unions, big business and government was a "good meeting" and all parties were working well together.

Mboweni said the gulf between business and government had not widened after President Nelson Mandela had lent his party's support to today's strike.

On the contrary, he said, the relationship between the two was a strong one.

He insisted that a clear distinction existed between Mandela's capacity as leader of the ANC and his position as head of state. When Mandela met the unions, he talked to them as the leader of the ANC, Mboweni said.

In spite of the run on the money markets since the strike was announced, he said he was confident that most people were able to make that distinction.

The Cosatu strike is in protest against plans to enshrine employers' rights to lock out workers in a dispute. The ANC has backed the strike, arguing that a lock-out clause has no place in the final post-apartheid constitution.

Cosatu warned yesterday that it did not share the government's



IN YOUR EAR Tito Mboweni, labour minister, left, and Zwelenzima Vavi, the assistant general secretary of Cosatu. See Page 18

PHOTO JOHN WOODROUPE

rosy view of last weekend's talks, and that there were a number of issues still to be negotiated. As these issues were still outstanding, the strike would go ahead.

It said the ANC had begun negotiating with the NP on the lock-out clause, and as far as Cosatu was concerned, these negotiations had taken an

unfavourable turn.

Françoise Botha reports from Cape Town that the National Productivity Institute has estimated that today's stayaway could cost the country close to R500 million. Other industry sources say the figure may be higher.

Jan de Jager, the institute's chief economist, said yesterday "Together with Workers' Day the following day, the loss to the economy, in value of total production terms, climbs to R1,32 billion. With just a fraction of that money, we could build a lot of houses."

Rene de Wet, the deputy chairman of Pick 'n Pay, said the company was expecting lower turnovers for the day because, based on past experience, shoppers stayed away on the expectation that stores would be understaffed.

Mvuso Msimang, the executive director of the South African Tourism Board, said that if transport was halted the stayaway figures could be higher, which would have repercussions on the tourism industry.

Jon Beverley reports from Durban that business is expecting that today's national stayaway by Cosatu workers will disrupt activities for most of the week and that a "no work, no pay" policy will be applied.

Neil McGregor, the labour consultant at the Durban Chamber of Commerce and Industry, said it had received reports that people were being "warned" in the townships to stay at home today.

More strikes possible — Cosatu looses

BARRY STREEK
POLITICAL WRITER

BRUSHING aside Democratic Party claims that today's strike is illegal, the Congress of South African Trade Unions (Cosatu) vowed to continue with its plans to protest against a proposed lockout clause in the new constitution.

Cosatu's general-secretary Mr Sam Shilowa said a mass rally would be held on the Grand Parade this morning, starting at 10am and would be followed by a march on Parliament.

Today's planned action was endorsed yesterday by ANC MPL Mr Cameron Dugmore and SA Communist Party member Mr Phillip Dexter, an ANC MP.

LINDIZ VAN ZILLA reports that although thousands of workers are expected to go on strike in Cape Town today, major businesses and services expect to operate normally.

Cape Town Chamber of Commerce spokesman Mr Charl Adams said yesterday he expected comprehensive strike action.

"Retail stores and factories will be affected, but to what extent is anyone's guess," he said.

South African Municipal Workers' Union spokesman Mr Trevor Serfontein said he expected most of his union's 25 000 Western Cape members to heed the call for a full-day stayaway.

Adams said that despite the planned strike "business will go

ahead as usual in most cases"

Large retail stores such as Pick 'n Pay will operate normal working hours today.

Commuter services will also remain largely unaffected by the strike.

Metro spokeswoman Ms Riana Jacobs said no great disruptions were expected as most of the railway workers did not belong to Cosatu-affiliated unions.

Minibus taxis would also be running normally today, said a Codeta representative, who added that the organisation was more involved in "sorting out our prob-

lems at home" (taxi violence). City hospitals have prepared contingency plans in the event of large stayaways by staff.

Last night the national executives of the ANC, Cosatu and the SACP met in Cape Town to discuss a new National Party formulation on the lockout clause, which the ANC has indicated it would be prepared to consider.

But Shilowa said Cosatu wanted no new formulations on any employer right to lockout, and said the clause should be scrapped. He also said the possibility of further action could not be ruled

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out, if all the organisation's constitutional demands were not met. "This could include further strikes."

Shilowa said today's nationwide strike, which in kwaZulu-Natal would take the form of a stay-away but elsewhere would include marches on NP, DP and business offices, was not in defiance of any body, including the ANC.

He said this in response to a legal opinion, released by DP leader Mr Tony Leon, which concluded that the strike was illegal. Shilowa said Cosatu wanted the strike to be peaceful, but if business responded by dismissing workers or refusing to pay them, they would have to fight "in the trenches" to the finish line.



Shilowa says Mr Sam Shilowa addresses a

PICTURE: BENNY GOOL

UNIONS SIDELINED SINCE NEDLAC TALKS

Cosatu called strike in bid to regain leverage

DP/15/196

(15/196)

IN CALLING a national strike over the disputed constitutional right to lockout, Cosatu has demonstrated its clout — and is back in business. **BARRY STREEK** reports.

THE attempt to include the right to lockout in the constitution offered a golden opportunity for the Congress of South African Trade Unions (Cosatu) to flex its muscles — and it grabbed it by calling a national strike yesterday.

In one sense, the lockout dispute has been a side issue. In another, it is central to trade union strategy.

Cosatu has been marginalised somewhat in the ANC alliance, particularly since the tough National Economic Development and Labour Council (Nedlac) negotiations last year about the new Labour Relations Act, which has yet to be implemented.

It has needed to demonstrate its strength and to get back into the mainstream of the alliance — and the lockout dispute has enabled it to do so.

When the Interim constitution was negotiated in 1993, Cosatu backed down in the interests of a

compromise on the settlement that paved the way for the democratic elections — but made it clear it would not do so in future.

It is not that Cosatu does not recognise the right of employers to lock out workers in defined circumstances during disputes. Indeed, it supports the Labour Relations Act which guarantees employers the right to lockout.

But this is a far cry from a blanket right to lockout, which the National and Democratic parties have proposed.

Cosatu has used their stance to portray the NP and DP as representing white privilege and capital. The constitution, like many others in the world, entrenches the right to trade union activities. It also says employers have the right to form employers' organisations. Cosatu has not disputed these provisions, but says the right to lockout has no place in a constitution.

Big business, the NP and DP

have argued that if workers want a constitutional right to strike, then business should have the right to lock out workers during disputes.

The ANC has too little support in the Constitutional Assembly to support Cosatu's position. With the FIP boycotting the proceedings and all but the PAC supporting the right to lockout, the ANC cannot muster a two-thirds majority.

Cosatu general-secretary Mr Sam Shilowa acknowledged this when he told a press conference this week that the trade union was not part of the negotiations and would understand if the ANC had to reach agreement on the right to lockout.

Shilowa said yesterday that Cosatu was prepared to take on the DP-NP-business alliance in a referendum and added "We will moer them."

Agreement on the constitution almost certainly will be reached by May 8, but Cosatu has won a significant tactical victory and has dragged the rest of the ANC alliance with it, although with varying degrees of enthusiasm.

Indeed, Cosatu is back in business.



FACES OF PROTEST: A striker, dressed to the nines, chants during a rally in downtown Johannesburg yesterday. The Congress of South African Trade Unions, the country's largest union federation, called for a day of protests across the country to put pressure on constitutional negotiators not to give employers an entrenched right to lock workers out during disputes.

PICTURE: AP

Constitutional crunch

Desperate bid for last-minute deal

CLIVE SAWYER
Political Correspondent

CONSTITUTIONAL negotiators went into extra time today in a desperate attempt to reach agreement on clauses on education and employers' right to lock out

Resolution of these issues continued to elude negotiators in yet another late-night session, with senior party sources disclosing that there was nothing on the table on which agreement could be based

A fresh round of multilateral talks was to be held today before a special meeting of the constitutional committee

Constitutional assembly chairman Cyril Ramaphosa said all issues would have to be finalised today to allow the draft to be reviewed by legal experts, checked for compliance with the political agreements and translated into all official languages in time for the constitutional assembly third reading debate beginning on Monday.

He warned that negotiators were "cutting it too fine"

National Party chief negotiator Roelf Meyer ruled out the possibility of a trade-off with the African National Congress on the education and lockout issues, emphasising that his party saw them as being separate

But even as negotiators made another late-night attempt to finalise the Constitution Bill, claims were made that elements of the draft produced by the political settlement so far might not be approved by the constitutional court

President Mandela expressed optimism that the lockout issue would be settled he said that the Congress of South African Trade Unions (Cosatu) had agreed to the formulation of legislation on lockout clause

In another significant development yesterday, the ANC announced an "innovative package" to give exclusive powers to provinces while allowing national overriding in circumstances to be defined in the constitution

Unveiling a proposal listing exclusive and more extensive concurrent powers for provinces, senior ANC negotiator Pravin Gordhan said the package would promote co-operative governance among all three spheres of government

This model of co-operative governance was being proposed instead of the "competitive and confrontational" federalism backed by other parties.

Mr Meyer said there was agreement on the concept of the proposal for provincial powers, but not yet on the details.

But Democratic Party chief negotiator Colin Eglin said earlier yesterday that legal opinion which had been sought by his party was that the ANC-NP agreement on provinces failed to give them sufficient exclusive powers to satisfy the principles entrenched in the interim constitution.

The Inkatha Freedom Party, which has boycotted the national constitution-writing process for more than a year, also claimed that the agreement on provinces would be rejected by the constitutional court

A breakthrough was reached last night on the language clause, eliminating one of the "big four" issues which have plagued negotiators.

The language clause satisfies NP demands by ensuring that, at provincial level, at least two languages must have official status. It also requires local governments to consider language usage and preferences in their communities when deciding official language policy

In addition, it is understood that leading parties are close to agreement on the property clause.

But the African Christian Democratic Party said it would vote against the constitution because of the omission of the words "in humble submission to almighty God" from the preamble, even though the version agreed to yesterday contains the words "May God protect our people".

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Shilowa chuffed as 75% turn out for Cosatu strike

ESTELLE RANDALL
Labour Reporter

THE Congress of South African Trade Unions (Cosatu) says the positive response of workers to its strike call indicates that its viewpoint enjoys wide support.

Cosatu made the call to strike six days ago to support its demand that the controversial lockout clause be dropped from the final constitution.

Cosatu general secretary Sam Shilowa said he was "satisfied" with the response to the strike call, and that it had sent a clear message to business and political parties that workers did not want the controversial lockout clause in the final constitution.

Since this had been the first general strike after the April 1994 elections, it showed workers were not prepared to leave their futures and demands to only those they elected into parliament.

Mr Shilowa said independent reports had indicated about 75 percent of workers in key industries had heeded the call, and that about 300 000 had taken part in marches country-wide.

"Cosatu has only 1.9 million members," he said. "That it was possible to pull off a strike call which was supported by 75 percent of workers in major industries shows our support extends beyond our membership."

He said it was also significant that workers had responded in spite of "the timing and the propaganda around the strike."

"Our first priority was for a successful strike and on that score our mission has been accomplished."

Worst hit by the strike was the Eastern Cape, with the Western Cape least affected. Cape Chamber of Commerce and Industries deputy director Colin Boyes said that in the Western Cape there were significant stayaways in the milling, baking and building industries, but virtually no stay-away in the major clothing, engineering and textile industries.

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"There were, on the other hand, a number of clothing factories in the Cape Peninsula area, including small and medium enterprises, which closed down completely for the day and where support for the strike was 100 percent," said Sactwu.

Mr Shilowa said he was puzzled at the National Party's continued insistence that the lockout clause, or a variant of it, be included when they had told him in meetings that this was not an issue on which they would be prepared to stake their political future.

He said Cosatu would not accept "any wording which has the impact of entrenching the lockout in the constitution or of bringing it in through the back door."

However, he acknowledged that the final decision would be made by political parties and that this would be a "political decision."

In a statement, the federation also called on employers who had threatened workers with lockout action when they

returned to work on May 3, "not to risk a chain reaction by workers in defence of each other."

Commenting on confrontation between strikers and Democratic Party members in Cape Town and Pretoria, Mr Shilowa said Cosatu did not condone acts of violence.

"But in relation to the incident in the Western Cape we need to ask whether there was provocation."

He said that while representatives of the National Party, the Inkatha Freedom Party and the Freedom Front, who were also given memoranda detailing Cosatu's demands on the lockout clause, had taken into account "that emotions were running high" those from the DP had not.

In Cape Town, DP leader Tony Leon said he was punched on the side of his face and DP Western Cape MPL and former Cosatu member Joe Marks was punched in the stomach.

In Pretoria DP deputy leader William Mnisi and others from the DP had to be escorted to safety.

However, the SA Clothing and Textile Workers' Union (Sactwu), Cosatu's biggest affiliate in the Western Cape, said about 43 000 workers in the leather, clothing and textile, and the clothing retail sectors had supported the strike call.

The union said its figures were based on a sample of 75 companies covering the leather, clothing and textile, and the clothing retail sectors.

"Participation in the strike varied greatly, from support of 10 percent to 100 percent being registered," said Sactwu.

While textile workers largely supported the strike and some large factories in the Boland, South Cape area and Epping closed down for the day, support in the clothing and footwear industry was more mixed.

"In the Atlantis area, about 80 percent of clothing workers supported the strike."

"In areas such as Salt River, support was much lower, with many factories reporting 30 percent support for the strike."

"Some workplaces in Parow had less than 10 percent absen-



VOICING THEIR OPPOSITION: Senior Democratic Party members, from left, Joe Marks, Tony Leon and Douglas Gibson, try unsuccessfully to speak to the crowd at yesterday's Cosatu march on parliament.

Constitutional crunch

Desperate bid for last-minute deal

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Foreign visits by Minister/Deputy Minister
158 Mr M J ELLIS asked the Minister for Welfare and Population Development

- (a) How many days in 1995 did (i) the former Minister for Welfare and Population Development and/or (ii) his Deputy Minister spend outside the borders of the Republic, (b) what was the (i) purpose, (ii) destination, (iii) duration and (iv) cost of each visit and (c) who accompanied him and/or his Deputy Minister in each case?

N299E

The MINISTER FOR WELFARE AND POPULATION DEVELOPMENT

- (a) Number of days outside the borders of the Republic during 1995
- | | |
|-----------------|----|
| Former Minister | 24 |
| Deputy-Minister | 29 |

Former Minister

- (b) (i) 1 Purpose Attend the World Summit for Social Development
(ii) Destination Copenhagen
(iii) Duration 8-12 March 1995
(iv) Cost R55 281

- (c) Accompanied by His spouse and Mr N Abrahams (Private Secretary)

- 2 Purpose In-depth investigation into the privatisation of the pension scheme in Chile
Destination Chile
Duration 10-18 April 1995
Cost R82 527
Accompanied by His spouse
The Deputy-Director-General of the Department of State Expenditure
The Deputy-Director-General of the Department of Finance
Ms C C Geringer, Deputy Director, Social Security, Department of Welfare
Ms N Tshoele, member of the Portfolio Committee on Welfare
Mr N Delpont, Ministerial representative

National Economic Development and Labour Council: amount budgeted

160 Mr K M ANDREW asked the Minister of Labour

- (1) (a) What amount was budgeted for the National Economic Development and Labour Council (Nedlac) for the 1995/96 financial year, (b) how many (i) members and (ii) other specified staff members of Nedlac are employed by Nedlac, (c) what annual salary is being paid to each of the (i) members and (ii) staff members of Nedlac and (d) from which premises is Nedlac currently conducting its operations,

- (2) whether the members and/or staff members of Nedlac are entitled to any (a) car, (b) travel, (c) subsistence and/or (d) other specified allowances, if so, what allowances in each case,

- (3) whether Nedlac has purchased premises from which to conduct its operations, if so, (a) which premises, (b) at what cost and (c) what other expenses were incurred or are being incurred as a result of this purchase, if not,

- (4) whether Nedlac is renting premises, if so, what is the annual rental?

N301E

The MINISTER OF LABOUR

- (1) (a) In its first year of operation, Nedlac will account for a 15 month period from January 1995 until the end of March 1996. The Nedlac budget for the 1994/95 three month period was R1 358 296 and the amount budgeted for Nedlac for the 1995/96 financial year was R4 821 900
- (b) (i) The members of delegates are in fact representatives of each of the participating constituencies of Nedlac who sit on each of the structures of Nedlac. No member is employed by Nedlac
(ii) Nedlac employs 16 staff members and through the capacity fund (of Nedlac) provides for the cost of employment of an administrative assistant for the community constituency of Nedlac

(132)

HANSARD

- (c) (i) No attendance fee is paid to any member for attending meetings of Nedlac. Members of Nedlac from non-government constituencies (labour, business and community) do receive reimbursement for travel and accommodation expenses incurred in attending meetings where applicable

- (ii) The following annual salary scales are applicable to Nedlac staff members

Executive Director	R260 000
Programmes Director	R200 000
Co-ordinator Research and Policy Development	R110 000-R140 000
Financial and Administrative Officer	R110 000-R140 000
Communications and Liaison Officer	R110 000-R140 000
Chamber Co-ordinators	R90 000-R120 000
Assistant Chamber Co-ordinators	R72 000-R90 000
Personal Assistant	R60 000-R72 000
Administrative Assistants	R42 000-R54 000
Receptionist	R42 000-R54 000

- (d) The premises from which Nedlac conducts its operations are

14th Floor, Metal Box Centre, 25 Owl Street, Auckland Park, Johannesburg

- (2) In addition to the salary scales provided above, Nedlac pays a 7.5% (of salary) matching contribution to the pension fund of each employee and pays 50% of the medical and costs of each employee. No further car allowance, travel allowance, or any other allowance is provided to Nedlac employees

- (3) Nedlac has not purchased its premises

- (4) Nedlac has a three year lease of 833 square metres of office space which it occupies. The period of the lease is from 1 June 1995 until 31 May 1998. The current gross rental (excluding VAT) is R23,50 per m². The current annual rental, including electricity and parking bays, is R355 200 per annum

X

Constitution's effect on labour relations 'will depend on courts'

ET (BR) 15/5/96 (132)

By James Lamont

Johannesburg — South Africa's labour relations system would be completely transformed if the courts proved reluctant to limit the rights entrenched in the constitution, Peter Grealy, a labour lawyer at Webber Wentzel Bowens, predicted yesterday.

Most of the practical changes to the system of labour relations would be regulated by the new Labour Relations Act rather than the constitution, he said at a presentation on the business implications of the constitution.

But he warned that the effect of the new constitution, the supreme law of the land, would depend on the approach of the courts.

"Of particular importance will be the limitations clause (section 36), which provides that the rights in the bill of rights may only be limited by a law of general application and then only to the extent that the limitation is reasonable and justifiable in an open and democratic society based on human dignity, equality and freedom," he said.

Grealy said "if the courts are loath to limit the rights contained in the constitution, then in conjunction with the new Labour Relations Act, we are guaranteed a complete transformation of South Africa's labour relations system."

He said that Cosatu's lobbying was clearly discernable in the final draft.

The key constitutional provisions for labour relations and employment, are found in chapter 2 of the bill of rights. There the constitution grants political rights, access to information, freedom of association, freedom of religion, belief and opinion, the right to picket, and equal protection against unfair discrimination.

Grealy said the lack of a lockout clause, the right to privacy and the granting of socio-economic rights could concern employers.

The right to strike was included in the bill of rights as a fundamental right, but the constitution contained no right to lock out employees.

He said the right to strike was now far stronger than employer counteraction, a lockout.

"It seems that the employers' recourse to lock out in the Labour Relations Act is susceptible to much easier revision than the right to strike, which is enshrined in the constitution."

"It might be argued that because the union has the stronger right to strike, the recourse to lock out as a tactical option is blunted," he said.

The right of privacy could raise the issue of whether it was constitutional for an employer to search an employee or his property on the employer's premises.

He also said employers' use of surveillance to combat theft and the tapping of telephone conversations were areas of concern.

A particularly controversial issue could be whether employers might ask employees to undergo HIV testing.

Grealy said that an activist, instead of a conservative judiciary could read the constitutional provision of "third-generation or socio-economic rights", such as the right to housing, food, water,

health and social security as an employer's responsibility.

"If such an approach is adopted, then it is suggested that employers may find themselves constitutionally obligated to assist their employees in gaining access to such rights."

An example, he said, would be a constitutional obligation for an employer to include all employees on medical aid schemes and housing loan schemes.

The right to strike was now far stronger than employer counteraction, a lockout

Experts proclaim unions the winners in new constitution

John Diudlu

132 BD 15/5/96

THE labour unions have emerged as winners under the new constitution which was approved by Parliament last week, according to constitutional experts.

Addressing a seminar to review business implications of the new constitution yesterday, Webber Wentzel Bowens partner Peter Grealy said the constitutional provision on "union security arrangements" would undoubtedly benefit trade unions should employers seek to challenge closed shop arrangements provided for in the labour relations Act.

Grealy was commenting on the section dealing with labour practices. This stipulated the Bill of Rights did not prevent law recognising union security arrangements contained in collective agreements. A further victory for workers was a right of access to information held by employers where it was required for the protection of the worker's rights.

DP leader in Gauteng Peter Leon expressed concern at the "ad hoc" and uncertain manner in which the provisions of the Bill of Rights would be applied between individuals, between people and companies, and between individuals and the state.

"This will bring a great deal of uncertainty to commercial life."

The Bill of Rights, he pointed out, should be a shield of citizens against the state and not a sword in the hands of the state.

However, the constitution protected SA's "holy cows" — the labour unions — from the horizontal application of the Bill of Rights.

On the controversial property clause, Leon lashed out at the new constitution, saying it was a Cinderella of the interim one, which struck a good balance between the right of the state to expropriate property and the right of property owners to compensation.

This balance had, in the new constitution, been tilted in favour of the state.

Leon, also a member of the Association of Law Societies, said the property clause was hostile to holders of mineral rights and investors.

Citrus study shows high return for local growers

Louise Cook

~~FRUIT~~
BD 15/5/96

PRETORIA — A row has broken out in the citrus industry following a study by international accounting firms Barraclough & Co and Price Waterhouse Urwick which found that southern African growers earned a net return of about 46% on fruit exports.

Outspan spokesman Penny Palmer said the study, commissioned by the Australian Horticultural Corporation, ranked the citrus marketer and exporter as the top performer in industry co-ordination. Returns to growers in southern Africa were 17% higher than in the US and Australia.

Palmer said the study claimed that growers exercised control over their oranges from farm to market through organisations such as Outspan in SA and Sunkist in California.

The Australian market was mostly too fragmented for this type of integration.

But Valdi Jenson, chairman of the Fruit Growers' and Exporters' Association, which dismissed the findings, accused Outspan of a "vociferous propaganda war".

Without the pooling system, in terms of which producers delivered citrus to Outspan, top producers could earn up to 30% more, he said.

"Outspan has support from 52% of citrus growers. In terms of draft legislation, 60% support is required to continue with single channel exports," he said.

Mboweni impatient with Nedlac tardiness

(132)

Star 22/5/96

By **PATRICK BULGER**
Parliamentary Correspondent

Cape Town - Labour Minister Tito Mboweni threw down the gauntlet to labour and business yesterday, warning that the Government would take economic decisions on its own if business and labour failed to accept their roles as the Government's social partners.

He told the Senate during the policy review on his labour budget that he would call on Nedlac's executive council to develop "conventions and protocols" with Parliament and the Government and with other role-players as the law demanded.

Nedlac was set up in 1994 as

the successor to the National Economic Forum and was intended as a clearing house for proposals relating to the economy, in particular the relationship between business, labour and the state.

In a speech that betrayed impatience with Nedlac's inability to arrive at consensus positions, Mboweni said the Government was "more than happy" to involve labour and business in its policy-making processes.

"But the preconditions for the success of this approach to policy-making are, firstly, the will and ability of the partners to honour agreements made. And secondly, a manifest acceptance of dialogue and serious negotiations as the

principal mechanism for resolving differences.

"The preconditions for social partnership do not mean that a party is never permitted to re-assess and re-evaluate its position, nor do they mean that a party is never allowed to resort to the exercise of its power.

"But they do presuppose a commitment to honour both the substance of agreements and the process necessary to change them. Business and labour should note this. In the recent past, both have evidenced, to put it kindly, a degree of confusion regarding the essential elements of social partnership.

"The alternative to social part-

nership is simply for the Government to make all the decisions. This would be a second-best solution. The time for paying lip-service to social partnership is over, and I call upon, in particular, business and labour to engage in the Nedlac processes with the seriousness which this institution demands.

"Ease of entry into the labour market must be an important test of the interpretation of policy. This is a principal objective of Government and if our social partners choose to interpret this differently, they will experience resolute opposition from the Government, the guardians of wider social interest," Mboweni said.

Shape up or govt will go it alone, Nedlac told

CT 22/5/96 (132)

POLITICAL STAFF

MINISTER of Labour Tito Mboweni, throwing down the gauntlet to labour and business, has warned that the government will take economic decisions on its own if they fail to come to terms with their roles as its social partners

He criticised the "endless to-ing and fro-ing" in the National Economic Development and Labour Council (Nedlac) and said labour and business should also come to terms with each other.

Addressing the Senate during the policy review of his labour budget, Mboweni said he would call on Nedlac's executive council to develop "conventions and protocols" with Parliament, the government and other role players as the law demanded.

Nedlac, set up in 1994, succeeded the National Economic Forum and was intended as a clearing house for proposals on the economy, particularly the relationship between business, labour and the state.

In a speech that betrayed impatience with Nedlac's inability to reach agreements, Mboweni said the government was "more than happy" to involve labour and business in its policy-making

"The conditions for the success of this approach to policy-making are, firstly, the will and ability of the partners to honour agreements made and, secondly, a manifest acceptance of dialogue and serious negotiations as the principal mechanism for resolving differences

"The conditions for social partnership do not mean that a party is never permitted to reassess and re-evaluate its position; nor do they mean that a party is never allowed to resort to the exercise of its power.

"(However); they do presuppose a commit-

ment to honour both the substance of agreements and the process necessary to change them

"Business and labour should note this. In the recent past, both have evidenced, to put it kindly, a degree of confusion regarding the essential elements of social partnership

"The alternative to social partnership is of course to do what some among the social partners are calling for. Simply for the government to make all the decisions. This, for all the reasons outlined above, would be a second-best solution.

"If forced to, (this) may be unavoidable to do, for we are charged with the responsibility to govern this country in the interests of all our people

"We cannot afford the luxury of endless to-ing and fro-ing while the country demands urgent change and transformation.

"The time for paying lip-service to social partnership is over

"I would like to take this opportunity to call upon, in particular, business and labour to engage in the Nedlac processes with the necessary seriousness which this institution demands."

Mboweni said the government was aware "that there are many outside of this social partnership framework — we are aware of the dangers of cosy compromises among powerful players"

"Ensuring ease of entry into the labour market must be an important test of the conduct and interpretation of policy.

"This is a principal objective of government," Mboweni said

"If our social partners choose to interpret this differently — and if their bargaining demonstrates a commitment to narrow self-interest at the expense of the wider social interest — they will experience resolute opposition from government, the guardians of wider social interest"

'Meeting challenges requires commitment and trust from social partnership'

Tito Mboweni

IN RECENT months something of a storm has erupted around labour market and industrial relations policy and practice. Some in the employer ranks bemoan the alleged inflexibility within the labour relations system and identify a bias towards the unions; the unions have responded by demanding greater regulatory protection. That both sides have chosen to make their views known in the most strident and aggressive terms imaginable has not helped us to arrive at a resolution of these contending viewpoints.

I profess a degree of surprise at this squabble. The Labour Relations Act of 1995, the centrepiece of our labour relations systems, was agreed to after protracted negotiation between the social partners. These partners want to be engaged in the policy-making process; government is more than happy about this process, partly

because it accords with our democratic character, and also because we believe that decisions are more durable when the parties affected by them are involved.

Flexibility

But the preconditions for the success of this approach to policy making are, firstly, the will and ability of the partners to honour agreements and, secondly, a manifest acceptance of dialogue and serious negotiations as the principal mechanism for resolving differences. These preconditions for social partnership do not mean that a party is never permitted to reassess and re-evaluate its position; nor do they mean that a party is never allowed to resort to the exercise of its power. But they do presuppose a commitment to honour both the substance of agreements and the process necessary to change them.

Business and labour should

note this; recently, both have evidenced, to put it kindly, a degree of confusion regarding essential elements of social partnership.

The alternative to social partnership is simply for the government to make all the decisions. This would be a second-best solution. But if forced to, it may be unavoidable to do, for we are charged with responsibility to govern.

What of the substance of the various gripes concerning the so-called labour market rigidities? Major legislation passed and proposed by this department is precisely intended to introduce a greater degree of flexibility into the labour market. We have referred to this as "regulated flexibility". Within the particular norms and values of our society and the character and requirements of our economy we must design policy that ensures a labour market that is able to respond to rapidly changing markets and technologies, to global product

and capital markets. The mechanisms for settling on the precise regulation appropriate to any given circumstances are those of negotiation and compromise between affected parties. The social partners set the framework and it is a flexible framework; the bargaining parties determine the specific outcomes.

We are all too aware that there are many outside of this social partnership framework; we are aware of the dangers of cosy compromise among powerful players. Ensuring ease of entry into the labour market must be an important test of the conduct and interpretation of policy. This is a principal objective of government, and if our social partners choose to interpret this differently, and if their bargaining demonstrates a commitment to narrow self-interest at the expense of the wider social interest, they will experience resolute opposition from government, the guardians of this wider

social interest

But we do not envisage this; it is clearly in everybody's interest that jobs are created rapidly. It will enhance social stability, it will increase the size of our domestic market, it will reduce the number of dependants supported by those in employment and reduce poverty.

Restoring trust

Equally, however, we are convinced that our social partners are interested in promoting sustainable employment. It is not our intention to strip all elements of security and protection out of our labour market in the name of employment creation. This is a path beset with conflict and there is little evidence of its employment-creating potential.

SA is simply not a country that needs to compete at the lowest end of the technological ladder or at the lowest end of the international

division of labour. We have the capacity to create employment in market segments that allow for stable, secure and reasonably remunerated employment and this is strongly supported by our labour relations legislation.

We are awaiting the report of the Labour Market Commission. This will throw up new challenges. Government will be challenged as will labour and business. I am confident that we have the ability to meet these challenges and that this ability resides largely in our commitment to social partnership.

However, all the tripartite institutions in the world will not substitute for trust between the social partners. And in recent weeks this has been at a lower ebb than our challenges require. Let us work at restoring it.

□ These are excerpts from Labour Minister Tito Mboweni's budget speech to the Senate yesterday.

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BD 22/5/96

Labour, business told to co-operate

Minister hauls social partners over the coals

BD 22/5/96 (132)

David Greybe

CAPE TOWN — Labour Minister Tito Mboweni lashed out at labour and business yesterday, saying that unless they took the idea of social partnership seriously he would cut them out of joint policymaking with government.

Mboweni, in his Senate budget speech, said employers and unions were squabbling over labour market and industrial relations policy in the "most strident and aggressive terms imaginable". Their actions had delayed implementation of the Labour Relations Act. But government, if forced to, would simply make all the decisions.

It was government's responsibility "to govern this country in the interests of all our people". He warned "The time for paying lip service to social partnership is over".

A Labour ministry source said Mboweni was "quite fed up" with business and labour.

Mboweni said that because the Act was agreed to after protracted negotiation between the three social partners, he found the recent fighting between labour and business "most surprising and disturbing".

Implementation of the Act required a "high level of co-operation" from business and labour.

Mboweni also said establishment of the Commission for Conciliation, Me-

diation and Arbitration was being delayed because labour had been unable to decide on the "simple" remuneration issue of commission staff.

"They do not want to make a decision because they want to stand outside the decision and shout at everybody who was party to the decision."

It is understood he was referring to Cosatu.

There had also been delays in nominating business and labour representatives to the "various structures" created by the Act.

Mboweni said government was committed to business and labour's involvement in policymaking, but its success hinged on the partners' will and ability to honour agreements, and a manifest acceptance of dialogue and serious negotiations as the principal mechanism for resolving differences. He conceded this did not mean a party was never allowed to reassess and re-evaluate its position, or "allowed to resort to the exercise of its power".

But, Mboweni stressed, it did "pre-suppose a commitment to honour both the substance of agreements and the process necessary to change them". Recently, however, both had displayed "confusion regarding the essential elements of social partnership".

Mboweni added. "We cannot afford

Continued on Page 2

Mboweni (132)

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Continued from Page 1

the luxury of endless to-ing and fro-ing while the country demands urgent change and transformation."

On the labour market, he said government had pledged to create more employment and "better employment".

Mboweni also said he would soon ask Nedlac's executive council to establish a task team to develop "conventions" to regulate Nedlac's relationship with Parliament, its committees, ministries and departments as stipulated

in the Nedlac Act.

The task team would do the same regarding the "rules and protocols" for institutions engaged in the formulation and implementation of social and economic policy.

Meanwhile, John Dlodlu reports Nedlac executive director Jayendra Naidoo admitted relations between business and labour had deteriorated after the recent release of economic documents.

He welcomed Mboweni's speech as a significant step in trying to reduce tensions between social partners.

See Page 14

Laboured relations

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(132)

Tito Mboweni

Some within the employer ranks bemoan the alleged inflexibility within the labour relations system and identify a bias towards the unions. That both sides have chosen to make their views known in the most strident and aggressive terms imaginable has not helped us to arrive at a resolution of these contending viewpoints.

I profess a degree of surprise at this squabble.

It is important to remember that the Labour Relations Act of 1995, the centrepiece of our labour relations system, was agreed after protracted negotiation between the social partners. In a strong sense, I find this the most surprising and disturbing aspect of the whole matter.

The social partners want to be engaged in the policy-making process. The government is more than happy about this process, partly because it accords with our democratic character and also because we believe that decisions are more durable when the parties affected by them are involved in their construction.

This is particularly important in periods of rapid structural change and transformation from one order to the next.

But the preconditions for the success of this approach to policy-making are, firstly, the will and ability of the partners to honour agreements made, and secondly, a manifest acceptance of dialogue and serious negotiations as the principal mechanism for resolving differences.

These preconditions for social partnership do not mean that a party is never permitted to reassess and re-evaluate its position, nor does it mean that the party is never allowed to resort to the exercise of its power.

But they do presuppose a commitment to honour both the substance of agreements and the process necessary to change them.

Business and labour should note this. In the recent past, both have evidenced, to put it kindly, a degree of confusion regarding the essential elements of social partnership.

The alternative to social partnership is of course to do what some among the social partners are calling for, simply for the government to make all the decisions. This would be a second-best solution. But if forced to, it may be unavoidable to do, for we are charged with the responsibility to govern this country in the interest of all our people. And we cannot afford the luxury of endless toing-and-froing while the country demands urgent change and transformation.

The time for paying lip service to social partnership is over and I would like to take this opportunity to call upon, in particular, business and labour to engage in the Nedlac (National Economic Development and Labour Council) processes with the necessary seriousness which this institution demands. You may wonder as to what possessed me today as I reflect on social partnership and also on Nedlac and the difficulties we face. Let me

illustrate further what is going on.

Firstly, for the department of labour to implement the Labour Relations Act we require a high level of co-operation and seriousness of the purpose from business and labour. We require of them to nominate their representatives to sit in various structures created by the said legislation. The process to get nominations has been tedious and time-consuming, to the extent that implementation gets delayed.

Secondly, there is a tendency among our social partners to want to have their cake and eat it. In setting up the CCMA, (Commission for Conciliation, Mediation and Arbitration) for example, we have to decide, through the CCMA governing body, the structures and remuneration of the staff of this important institution, without which the legislation cannot work.

We have spent many hours trying to get one of the social partners on board the remuneration issue.

They do not want to make a decision because they want to stand outside the decision and shout at everybody else who was party to the decision. That cannot be correct. And time is being lost as they make up their minds on a simple issue, such as the remuneration of CCMA staff.

I am indicating all of this to show how difficult it is to build social partnership.

But we remain committed to ensuring the success of Nedlac and the project of social partnership which we have started. We have, for example, initiated a process referred to as the Nedlac leadership system, through which leadership of business, labour, government and community organisations meet to discuss issues affecting Nedlac. But this cannot be a substitute for a serious and purposeful approach by all affected within the formal structures of Nedlac.

But what of the substance of the various gripes concerning the so-called labour market rigidities? Major legislation passed and proposed by this department is precisely intended to introduce a greater degree of flexibility into the labour market. We have referred to this as regulated flexibility.

The South African character of our efforts should be noted. We are neither Germany nor Indonesia, neither Sweden nor Malawi. Within the particular norms and values of our society and the particular character and requirements of our society and the particular character and requirements of our economy we must design policy that ensures a labour market that is able to respond to rapidly changing markets and technologies, to global product and capital markets.

I have already, on several occasions, outlined to this house how measures initiated by my ministry support these objectives. Provisions of the new Labour Relations Act and new institutions created

by it are precisely designed to ensure greater flexibility. Proposals in the Green Paper on Employment Standards are defined by the objective of ensuring greater flexibility. But I must underline the mechanisms of negotiation and compromise between the parties directly affected. The social partners set the framework and it is a flexible framework, the bargaining parties determine the specific outcomes.

We are all too well aware that there are many outside this social partnership framework, we are aware of cosy compromises among powerful players.

Ensuring ease of entry into the labour market must be an important test of the conduct and interpretation of policy. This is a principle objective of government, and if our social partners choose to interpret this differently and if their bargaining demonstrates a commitment to narrow self-interest at the expense of the wider social interest, they will experience resolute opposition from government, the guardians of this wider social interest.

But we do not envisage this, it is clearly in everybody's interest that jobs are created rapidly. It will enhance social stability, it will increase the size of our domestic market, it will reduce the number of dependants supported by those in employment and reduce poverty.

Equally, however, we are convinced that our social partners are interested in promoting sustainable employment. It is not our intention to strip all elements of security and protection out of our labour market in the name of employment creation. This is a path beset with conflict and there is little evidence of its employment-creating potential.

South Africa is simply not a country that needs to compete at the lowest end of the technological ladder or at the lowest end of the international division of labour. We have the capacity to create employment in market segments that allow for stable, secure and reasonably remunerated employment and this is strongly supported by our labour relations legislation.

These are complex issues and cannot be set in stone. Flexibility in the application of policy must be accompanied by flexibility in policy-making.

As I indicated, we are waiting for the report of the Labour Market Commission. I have no doubt that this will throw up new challenges. Government will be challenged as will labour and business. I am confident that we have the ability to meet

these challenges and this ability resides largely in our commitment to social partnership. However, I have to underline that all the tripartite institutions in the world will not substitute for the trust between social partners.

And in recent weeks it has been at a lower ebb than our challenges require.

Let us work at restoring this and at drawing on our unique experiences and institutions to facilitate this restoration.

□ Tito Mboweni is the labour minister. This is an extract of a speech he delivered to the senate on Tuesday night.

Both sides have chosen to make their views known in the most strident terms

All the tripartite institutions in the world will not substitute for trust

Nactu criticises Mboweni for govt threats on policy-making

John Dluolu

THE National Council of Trade Unions (Nactu), part of the labour constituency in the National Economic, Development and Labour Council (Nedlac), yesterday fired a broadside at Labour Minister Tito Mboweni, saying government was equally to blame for the recent slow-down in the social partnership.

This follows threats in the Senate by Mboweni that government would cut business and labour out of joint policy-making unless they took social partnership seriously.

Nactu deputy general secretary Mahlomola Skhosana said government, a Nedlac partner, was not "blameless", and attributed to government the delay in implementing the Labour Relations Act. Government was trying to implement a First World labour law with a Third

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World budget, he said. Skhosana invited Mboweni to repeat his "right" comments, made to a "wrong" audience, at the right forum — Nedlac

While acknowledging that tripartism had recently been shaky in Nedlac, Nactu and Cosatu attributed the problems to business intransigence.

Cosatu spokesman Nowetu Mpati said: "Business is stubborn ... they want to use Nedlac to promote their profits."

Business convenor at Nedlac Raymond Parsons said all constituencies, including government, had been on a "steep learning curve" in the first year of Nedlac. "One important lesson has been the need to concentrate on national interests," he said. Parsons said it would be necessary for government, as the senior partner in tripartism, to adhere at all times to evenhandedness

A business source said government had failed to respond to labour and business documents on the economic debate. Both labour and business remained fully committed to social partnership

Other observers said Mboweni's attacks were actually aimed at labour, which he saw as "not playing ball", but the minister was reluctant to attack the ANC's labour ally.

On Tuesday Nedlac executive director Jayendra Naidoo welcomed Mboweni's remarks as a step towards reducing tensions and the deteriorating relations between business and labour. He traced the origins of the problems to the release recently of economic documents by business and labour.

Parsons said Nedlac's "summit" would provide a chance to strengthen trust in the Nedlac process.

THE STING OF POVERTY



Deputy President Thabo Mbeki's emerging growth and development plan is the obvious instrument for a South-African style Marshall Plan, says Raymond Parsons, the director-general of Sacob

The Nedlac needle

(132)

CT(BR) 24/5/96

Raymond Parsons

The National Economic Development and Labour Council (Nedlac) has been in existence for 15 months. It will hold its first summit meeting on June 1 to report back to stakeholders.

This meeting takes place against a background in which relations between the social partners and with the government are at a low ebb

This was exemplified in the speech that Tito Mboweni, the labour minister, gave to the senate this week. He warned the social partners, business and labour, to take their Nedlac responsibilities more seriously

If not, he said, the government would have to make all the decisions without the benefit of consensus

Are these strictures justified?

Over the past year all the constituents in Nedlac, including the government, have been on a steep learning curve. If things have not worked out well, there is enough blame to go around. When Nedlac was launched last year the expectations of what could be achieved through tripartism were perhaps excessive

Mistakes are inevitable in the tremendous task of managing the economic transition of this complex and divided country to a fundamentally new path of development. There are no saints in such an undertaking, and Nedlac participants are no exception

If there is a breakdown in Nedlac as a consensus-seeking body it is caused partly by dissatisfaction with consensus politics. The larger the policymaking community, the more interest groups it contains

The more divergent those interests, the less likely it is that rational decision-making proce-

dures can prevail or agreement can be reached quickly

Perhaps the biggest gap in Nedlac's work so far has been its failure to develop a shared economic vision

In Germany this week President Nelson Mandela put his finger on the real problem in his call for a southern African Marshall Plan

We need a common vision, mobilising all constituencies, for growth, development and employment

Without a comprehensive strategy for growth and development and a co-ordinated programme of measures to address the problems facing South Africa, the country will continue to grow at about half the rate achieved by the developing world

The RDP is only a part of the answer. We need to internalise the Marshall Plan concept, for which the obvious instrument is Deputy President Thabo Mbeki's emerging growth and development programme

The social partners cannot be expected to define an economic vision. Indeed, the recent attempts to do so by business and labour have caused polarisation in the economic debate, because the sequence was wrong

The government must give a lead and use Nedlac to bring other stakeholders on board. There must also be a realistic grasp of what Nedlac can and cannot do

Nedlac does not govern, it helps to keep the country governable

It does not usurp parliament's role, nor can it speak for interests outside Nedlac

It cannot directly affect market outcomes, but helps to set the policy framework within which markets operate

Nedlac is not, and should

not be, the only method of interaction between important interest groups and governmental authorities

It must be placed in the broader perspective of the democratic process

The big economic and social challenges require such a commitment not only from business but also from labour and the government.

Nedlac also identifies what trade-offs can be negotiated in economic and social policy, but levels of trust have to be sufficient to oil the wheels of compromise

The Nedlac summit will be an opportunity to strengthen confidence and build trust in the tripartite process

A major goal of the Nedlac summit must also be to give Nedlac a fresh mandate to tackle key issues in a more systematic and focussed way. Nedlac's work needs to be better prioritised and new structures may be necessary

Nedlac must keep its eye on the national economic interest. The pace of work in Nedlac must also be right so no one is antagonised by artificial deadlines, but there is no opportunity for filibustering

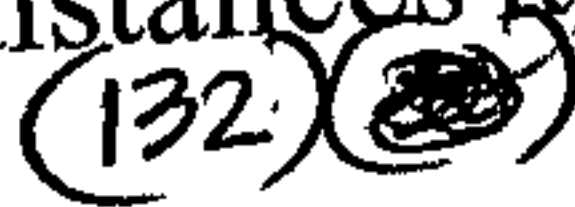
The overall picture is of an economy lagging behind the developing world in crucial respects

Future policies that address these disparities and commit all parties to a positive course of action could put the country on a higher growth path, leading to the eventual elimination of poverty. South Africa must come to grips with its economic and social imperative, and Nedlac remains one essential institution for this purpose.

□ Raymond Parsons is the director-general of the South African Chamber of Business

Fabcos distances itself from action

Patrick Wadula

(132) 

THE Foundation for African Business and Consumer Services (Fabcos) would not back Business SA in its bid to petition the Constitutional Court to amend the labour relations clause in the new constitution, secretary-general David Moshapalo said.

Fabcos, a BSA affiliate, had decided on this stance at an executive council meeting last week, but would not pull out of the organisation in spite of its differences over the exclusion of employers' right to lock out workers.

BSA, which represents 18

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organisations, including the the Afrikaanse Handelsinstituut and SA Chamber of Business, said this month that it intended petitioning the court to invalidate the clause.

Moshapalo said BSA's constitution allowed affiliates to differ on certain issues, and "this is one of them. In this instance we are of the opinion that the will of the majority is being served."

While BSA had found the property clause in its final form both "complex and unclear", Fabcos' executive council had endorsed the constitution, he said, this position was based on the historical background of its members, he said.

Bank criticises state's union ties

(132) 00 27/5/96

Greta Steyn

THE Standard Bank has called on government to shake off the perception that it "panders to labour", saying its relationship with the unions appeared to be one of the reasons for the rand's plunge

In its latest economic review, the bank listed the unions as one of the factors that needed to be addressed to turn SA into an investor-friendly country. It noted there were some signs that the relationship between labour and government was already beginning to change.

"The alliance between the ANC and the trade union movement is coming under increasing strain," it said.

The bank said policymakers had no choice but to follow international trends to reposition the SA economy as "unequivocally investor friendly".

The major moves required were the removal of exchange controls, reducing the budget deficit, progress with privatisation and more flexible labour markets.

On exchange controls, the bank said their continued presence suggested SA policymakers lacked faith in the country.

It said caution was understandable in the light of recent

events in the currency market. But, at the very least, government had to provide a "road map with markers for further moves".

On the budget deficit, it said the budgeted 5,1% of GDP compared "miserably" with the average 2,6% that developing countries had recorded over the period 1991 to 1995. The commitment to cut the deficit to 4% of GDP by 1998/99 was "simply not good enough".

On privatisation, the Standard Bank said about R20bn in state assets which were already privately run or commercialised and rationalised could probably be sold immediately "and without controversy". It estimated the total amount that could be raised from saleable state assets stood at about R100bn.

The bank said privatisation was the major mechanism for reducing the level of government debt and the fiscal deficit.

The bank said SA, like Mexico, could return to favour with international investors.

"But dark clouds may yet reappear on SA's horizon. Market sentiment is a powerful creature and if SA is not perceived to be moving in the right direction, further storms affecting the rand are possible," the bank warned.

Unions to march against banks

Shilowa fires new broadside at business

(132)

BD 28/5/96

Greta Steyn

COSATU general secretary Sam Shilowa fired another round in the war of words between labour and business yesterday, accusing business of trying to crush the unions and break their alliance with the ANC.

He was speaking at a news conference called to convey decisions taken by Cosatu at the weekend.

The banks, the SA Foundation and the Brenthurst group of business people came in for a tongue lashing — just days before a crucial summit of the National Economic, Development and Labour Council (Nedlac).

But Shilowa signalled that he would refrain from a hardline stance on privatisation, saying the issue could not be argued in starkly ideological terms. "Anti and pro positions are no way to conduct relations," he said.

The unions would accept President Nelson Mandela's invitation for a meeting on privatisation after Mandela stressed support for the policy at the weekend. The Cosatu executive committee had agreed not to get into "a slanging match" with Mandela.

Shilowa said the executive committee had decided that the unions would march against the banks on Saturday July 6 to protest against the latest interest rate increase. The executive committee regarded the fact that the

banks had moved despite no action from the Reserve Bank as "tantamount to privatisation of monetary policy". Wage demands would take into account the latest increase in interest rates, and "banks will have to accept the blame and responsibility".

Shilowa said relations between business and labour were "at an all-time low because business wants to weaken us". He was furious about the SA Foundation's document which called for lower wages to create jobs in a "two-tier" labour market.

The SA Foundation represents the captains of industry and forms part of Business SA, which has a mandate to negotiate in Nedlac.

Assistant general secretary Zweluzima Vavi said. "We cannot enter into negotiations with business when they call for the trade unions to be smashed." Vavi and Shilowa dismissed suggestions that the formal BSA position was not the same as the SA Foundation's. Shilowa insisted that the BSA accept the SA Foundation document was "off the table", and said repeatedly "We will not negotiate the weakening of the federation."

He said negotiations on overall economic policy, which had broken down completely after business and labour released their respective positions, had

Continued on Page 2

Shilowa

(132)

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been scheduled to resume last weekend. They had been cancelled, however, as Cosatu was unable to attend.

Shilowa said Old Mutual would be targeted for promoting the SA Foundation position. The life insurer was using policyholders' money to promote a right-wing cause, he said. If it did not stop doing so, the executive committee would consider urging workers to withdraw their savings from Old Mutual.

Shilowa described the elite Brenthurst business group as a "secret, dangerous organisation that fears democracy". The group, which lobbies Man-

dela rather than working through Nedlac, includes captains of industry such as Anglo American chairman Julian Oglvie Thompson and Standard Bank chairman Conrad Strauss.

Business sources said yesterday they still hoped bridges could be built at this weekend's Nedlac summit. There was talk of business extending "an olive branch" to the unions.

Cosatu also defended itself against Labour Minister Tito Mboweni's accusation that it was delaying implementation of the new Labour Relations Act by holding up the creation of the Council for Conciliation, Mediation and Arbitration. Shilowa said Cosatu had given the go-ahead for the council, but had asked that its objection to high salaries be recorded.

Marcus calls on labour and business to bury the hatchet

(132) CT(BR) 28/5/96

By Bruce Cameron

Cape Town — Gill Marcus, the newly appointed deputy minister of finance, has made an impassioned plea to business and labour to bury the hatchet and find ways to maximise the benefits and minimise the costs of the devaluation in the rand.

Speaking at the annual conference of the Institute of Retirement Funds yesterday, Marcus also announced that further concessions have been proposed for the controversial 17 percent taxation on retirement funds.

Marcus said that she did not foresee the 17 percent tax on retirement funds being lifted any higher in the future. She expressed her support for the appointment of a national forum to resolve outstanding differences over retirement funding.

Marcus said the confrontation between business and labour over the past three months was "unhelpful and unconstructive".

She said the downswing in the economy would probably bottom out at a much higher level than in the past and should start recovering towards the end of next year.

But this would require business, labour and government to work together to cut costs in order to take advantage of the benefits of the devaluation of the rand.

"We need to move forward together, instead of the confronta-

tion of the past three months".

Marcus announced that retirement funds that held more than 50 percent of their assets in interest-bearing investments would be exempted from the 17 percent interest and rental income tax for any amount above 50 percent invested in the interest-bearing assets.

This will mainly affect state pension funds, which are heavily invested in interest-bearing government stock.

In future, pensioners would be taxed on the full value of their retirement benefits on the date of retirement, and would therefore not pay tax on the pensions they received.

Existing pensioners would continue to be taxed on their pensions while the income accruing on the assets in the funds would be exempt from tax.

Marcus said the tax had been set at 17 percent — the lowest rate — and she did not foresee an increase.

The Smith committee investigation into retirement provision and the Katz commission of inquiry into the restructuring of tax had placed the whole issue of retirement provision firmly on the agenda.

"Widespread debate has commenced and should continue in a constructive manner to enable us to arrive at the right decisions," she said.

ARG 28/5/96

Government spells out its labour policy for new growth

(132)

ESTELLE RANDALL
Labour Reporter

THE release of the Comprehensive Labour Market Commission's report next month may help to ease some of the current differences between labour and business over what direction South Africa's economic growth should take.

The Commission, appointed by President Nelson Mandela last year, is expected to propose a framework for labour market policy, and to address the link between macro-economic and labour market policies. It has recommended an industrial strategy to boost demand for labour and has examined policy options on wage determination and productivity enhancement.

And it will also make proposals about a social plan, a social accord, the promotion of employment equity and how to manage labour migration into South Africa.

Proposals released by business and labour earlier this year on economic growth differed significantly over labour market and industrial relations policy. In his budget vote address to the senate this week, labour minister Tito Mboweni spelt out the government's position on job creation and labour market flexibility. "We have pledged to create more employment. But we have also pledged to create better employment," he said.

"We cannot build a sustainable democracy with a significant proportion of the population without employment, but nor can we build

democracy or sustainable economic progress on the backs of sweated, unproductive labour."

Mr Mboweni said legislation passed and proposed by his department aimed at "regulated flexibility".

"We are neither Germany nor Indonesia; neither Sweden nor Malawi. Within the particular norms and values of our economy we must design policy that ensures a labour market that is able to respond to rapidly changing markets and technologies, to global product and capital markets."

He said the new Labour Relations Act and new institutions which the act created were designed to achieve greater flexibility, as were proposals in the Green Paper on Employment Standards.

Tig

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Mandela steps in to heal rift between labour and business

Star 29/5/96 (132)

Government arranges meetings to resolve damaging conflict and Ramaphosa slates both for 'not marching hand in hand'

By JUSTICE MALALA
Political Staff

President Mandela and other government leaders, concerned about rising tensions between labour and business, are to step in to lessen public mudslinging and bring relations back on track

There has been widespread concern over the damage the rift can cause to the economy and foreign investors' perceptions of South Africa

Mandela's spokesman, Parks Mankahlana, said yesterday the president had asked for a meeting with the Congress of South African Trade Unions to discuss the restructuring of state assets and the worsening relations between the two sectors

The union federation has ac-

cepted the offer, and a date for the meeting is expected soon

ANC secretary-general Cyril Ramaphosa said yesterday the labour-business conflict was manifesting itself in many other ways and was becoming a conflict between employers and their workers in the workplace

"After resolving the apartheid question - something many people believed was unresolvable - one would have thought we would all be marching in tandem, hand in hand together, to build our nation," he said

"Sadly that is not the case. But I believe the differences between labour and business can be resolved.

"All that needs to happen is that both sides need to have the courage to sit down across the table and discuss the areas

of difference

"That has not happened. They are waging war against each other in newspapers, at Nedlac and in many other forums."

Later, addressing the SA Chamber of Business's annual banquet in Johannesburg last night, Ramaphosa said "The public squabbles between labour and business are not furthering the country in any way. We need to get these two sectors to put the interests of the country first."

In spite of these difficulties, Ramaphosa was upbeat about the economy following the finalisation of the constitution

With regard to privatisation, Ramaphosa said the ANC and the Government supported "a reduction of the public sector in areas

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Ramaphosa lashes labour, business

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where such a move would increase efficiency and promote affirmative action"

The acrimony between business and labour comes ahead of a crucial weekend summit of the National Economic, Development and Labour Council (Nedlac), the institution formed last year to lessen conflict between the two sectors and start a co-operative relationship with the Government

The organisation's summit will be attended by government leaders, including Finance Minister Trevor Manuel, Trade and Industry Minister Alec Erwin and Labour Minister Tito Mboweni, and business and labour leaders.

The summit is expected to address serious differences on issues such as privatisation and banks' recent interest rate hike

The relationship between labour and business reached a further low on Monday after Cosatu secretary-general Sam Shilowa lambasted the SA Foundation and the Brenthurst group of top businessmen, saying they were trying to crush the unions and break the alliance with the ANC.

Ramaphosa said there was no tension between the ANC and its ally, Cosatu. Suggestions that the alliance might crack were "completely misplaced".

Cosatu spokesman Nowetu Mpati yesterday remained adamant that the federation would continue with its intention to march on banks on July 6

"We will be approaching non-governmental organisations and all bodies interested in joining us on this march," she said

"The signal that we are sending to business now is that if they expect to weaken the labour movement and then come and negotiate with us, well, we will not go along with that. They must treat their opponents with respect," Mpati said

'Tripartite bond still very strong'

(132) *Bowetan 29/5/96*

Ramaphosa says labour and business community must resolve differences

By Pamela Dube

THE tripartite alliance of the African National Congress, South African Communist Party and the Congress of SA Trade Unions was in no danger of collapsing, ANC general-secretary Mr Cyril Ramaphosa said yesterday.

Speaking at an ANC media summit at Midrand, Ramaphosa said there was no conflict between the ANC and its labour movement partner Cosatu over privatisation "as some of our emissaries want us to believe".

There were "of course differences and that is something good" since it reflected a vibrant democracy.

He said Cosatu was opposed to privatisation of parastatals as proposed by the ANC and dismissed reports that the ANC was being forced to reconsider its position because of pressure from Cosatu.

The ANC had managed to resolve the issues of property and lockout clauses being included in the Constitution, "and we will also find a solution over the privatisation issue".

He said forums comprising labour, government and business had been established to address such differences.

Ramaphosa accused some political parties of wanting to see the tripartite alliance collapsing.

"There are definitely no cracks in

the alliance. The vultures should start flying away because there is not going to be any bad alliance," he said.

He expressed concern over the tensions building up between labour and business and said Cosatu and the business community had a duty to resolve their differences "and put South Africa first".

He said it was understandable why Cosatu was threatening to take action against the banking institutions over the home loans interest rates increases.

"I am personally unhappy about the whole situation. And this (interest hike) will not only impact negatively on homeowners, but the country and the economy as a whole."

He added that Cosatu's call for its members to withdraw their investments from those banks "needs to be addressed carefully".

Ramaphosa said accusations from labour that banks had colluded in the decision to increase interest rates should be investigated.

Turning to his move to resign as ANC general-secretary to join the business world, Ramaphosa said it was approved by the party's leadership.

He dismissed rumours that the ANC leadership had "pushed him out", and said he had discussed it with all the parties concerned "and we felt it was to the good of the country".

John Dlodlu

Nedlac must shed its image as being a 'paralysing process'

A LEADING economic observer recently remarked that the National Economic, Development and Labour Council — the statutory agreement-making body bringing the state, business, community and labour conditions together — had become a "paralysing process" rather than a place where deals were struck and crucial national consensus on key socio-economic issues built.

While this observation may be unfair and extreme, it captures one of the most significant sentiments among Nedlac observers these days.

Nedlac critics say the institution, created last year with the merger of the National Economic Forum and the National Manpower Commission, has become a forum where deadlocks are inflated and not broken.

These criticisms will no doubt be part of Nedlac's stock-taking process tomorrow when it holds its first summit at Gallagher Estate, Midrand.

These rather uncomplimentary remarks started emerging late last year and intensified this year.

Constituencies, notably labour and business, had furious exchanges in the media on key issues which should have been debated in Nedlac's chambers, undermining the spirit of social partnership enshrined in Nedlac.

It was, perhaps, these "muddling-ings", as one Nedlac insider put it re-

cently, that prompted Labour Minister Tito Mboweni to deliver his now famous address in the Senate, urging the two partners — business and labour — to take social partnership seriously.

According to Jayendra Naidoo, Nedlac's executive director who supported Mboweni's "constructive speech" hours after its delivery, the problems "of trust" between the two partners could be traced to the days of the release of rival economic documents.

While agreeing on the identification of key challenges facing SA today — that is unemployment and growth — these documents showed wide differences on how these challenges were to be tackled.

This was, in part, the main reason for the furious exchange of criticisms by labour and business.

As expected, labour blamed business and government for Nedlac's problems and lack of progress in debates, and in the implementation of consensus-based deals such as the Labour Relations Act.

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While the above examples are among the obvious, there are other less obvious problems within the Nedlac structures, notably within the negotiating chambers.

These include problems of missed deadlines in submitting discussion papers or responses to debates within chambers or its subcommittees.

Mboweni quite correctly criticised business and labour for not taking tripartism seriously.

His colleagues in the trade and industry department had spent months preparing a document on supply-side measures — this at a time when industries were feeling the pinch of tariff reduction.

But it then took longer for all involved parties to submit their responses to this debate.

One analyst said recently that although government had now earmarked R181m for supply-side measures this Budget year, a real danger existed that this figure would not even be spent, judging by the pace of the debate on this issue at Nedlac.

Last year Naidoo unveiled a well-written paper on the framework for social partnership and agreement-making at Nedlac. This was supposed to be an opening shot in the debate to improve Nedlac's deal-making capacity ahead of a busy legislative year as the agenda for transformation moved into top gear.

A "bosberaad" to discuss the document and its objectives was cancelled early this year, and has yet to take place.

What has complicated things at Nedlac is its relationship with Parlia-

ment, which still has to be clarified. And clarifying this will be a crucial step in Nedlac's future.

So far, parties have shown their "wish list" on what this relationship should be.

Naidoo has said he would like to see the two institutions — with Parliament representing elected officials — complementing each other.

But unless this is clarified, we will continue to have "threats" and second thoughts from ministers on whether certain Bills will be tabled in Nedlac, and setting of preconditions for discussing these in Nedlac, as happened with the competition policy debate.

Undermining

The lobbying role of representative bodies such as different unions, informal lobbying groups such as the Brent-hurst Group, "Cosatu's hotline" to its alliance partner in government, and business organisations in relation to social partnership will have to be made much clearer if Nedlac's role is not to be undermined.

The summit will not stop partners from undermining tripartism. It is parties themselves that must do this.

All the partners, including government, must take Nedlac seriously and show practical commitment to making it a success.

This commitment begins with simple but important steps, such as meeting deadlines, thorough preparation for meetings, getting mandates prior to discussions at Nedlac, attending Nedlac meetings, and putting SA's interest before sectarian interests.

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(132)

Mbeki urges labour and business unity

By CAROL PATON

DEPUTY President Thabo Mbeki stepped into the rift between labour and business yesterday, urging them to end their "war of attrition" and engage in a joint effort to find solutions to South Africa's economic problems.

At the annual National Economic Development and Labour Council summit between government, business and labour, Mr Mbeki likened the relationship between business and labour to a marriage.

"However divergent our interests might seem, we are condemned to live together," he said.

Mr Mbeki said relations between business and labour had deteriorated to a point where the possibility of achieving a meaningful partnership and consensus in policy-making was being questioned.

But he also admitted the absence of a set of coherent economic policy proposals from government had added to the problem.

He said the government would soon present a combination of measures, including a macro-economic framework and proposals for sectors of the economy, at Nedlac.

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Nedlac hangs on, for better or worse

By CAROL PATON

IT IS far easier to phone up the President when you have a problem than it is to bash out agreements around the negotiating table. Recently both business and labour have made good use of the presidential hotline.

But private lobbying was not the government's intention when, 15 months ago, it established the National Economic Development and Labour Council designed to forge accords with its social partners on social and economic issues.

Nedlac was viewed as "an alternative to slogging it out on the streets". It was also not the intention that the labour movement would unilaterally call

protests over social and economic questions or that the social partners would publicly lambaste and blame one another for the country's economic problems.

But as Nedlac met for its first summit this weekend, it did so against a background of battered relationships.

Jayendra Naidoo, the council's executive director, concedes that in Nedlac's short

history there have been problems and mistakes.

Recent fights between business and labour — over the lock out and the labour market — are areas where both parties were forced to compromise during the Labour Relations Act negotiations. Both began the fight to regain lost ground.

The SA Foundation released its "Growth for all" document in February, blaming inflexible labour markets and the inflation of wages by trade unions for the lack of economic growth.

This document, says Mr Naidoo is one of the "mistakes" and "has contributed to the polarisation of the debate".

The document infuriated Co-satu's Sam Shilowa, who has said that unions cannot negotiate with business if its aim is to weaken the trade union movement.

While this sets the scene, there is also a sense in which the clash between labour and business became inevitable.

"Political change opened the door for the struggle for economic transformation — and it's a struggle," says Mr Naidoo.

Unions are doing what unions could be expected to do.

And even though the parties have resorted to the presidential hotline and negotiate exclusive deals with the government, Mr Naidoo believes that there are still strong currents forcing the parties back to the tripartite table.

"You still need to have a point where you can talk to each other. Experience has shown that

where parties try to find a private deal, they are not able to sustain it for very long."

This weekend's summit, he hopes, will clear the air "You can't reach out for agreements in a bold way if there's no basic trust or decent communication between people in public."

"We need to set a different tone for the dialogue."

But removing the tension does not mean you remove "the struggle, the debate, the criticism"

"We must be able to have a

process where it is allowed to criticise but at the same time focus on what is common," he said.

But as labour begins seriously to take up the fight for economic transformation and greater social equity, and business faces pressure to become globally competitive, the common ground has become more difficult to find.

But whatever Nedlac's critics might say co-operative decision making is here to stay.

"We will be here in another generation. We are going to succeed. The question is how spectacularly or moderately," Mr Naidoo says.

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"We will be here in another generation. We are going to succeed. The question is how spectacularly or moderately," Mr Naidoo says.

SAM SHILOVA was once a security guard, now he runs the country's most powerful social institution — the million-member trade union federation, Cosatu And, when he has a free moment, he runs the country.

This is how Mr Shilova's swelling public profile and the power he wields via Cosatu have been caricatured by leaders of the NP and the DP.

And 80s rhetoric about the evil intentions of the "ANC-SACP-Cosatu alliance" has found its way back into Parliament lately, but the order of importance has been switched around. Now the NP and DP talk of the "ANC-Cosatu-SACP alliance".

But how accurate is this description? Has the ANC been postponing its difficult economic policy choices because it is scared of alienating its trade union allies and the stinging shame of the "sell-out" label?

The circumstantial evidence to back up such a claim is substantial. Cosatu has flexed its muscle at the gates of Parliament on more than one occasion.

And, on more than one occasion, ANC leaders from Cyril Ramaphosa to Nelson Mandela have come out with statements of cautious support for the unions.

In the highest-profile confrontation to date, Cosatu downed tools and marched on Parliament to enforce its will on the Constitution at the end of April. The result was the removal of lock-out protection and a watering down of property rights.

SINCE then, Cosatu has mounted an aggressive public campaign to assert itself — threatening a strike against privatisation, criticising foreign investment and promising another strike to protest the decision by private banks to hike interest rates.

The fact that government has done little to dampen the enthusiasm of its trade union ally for acts of militancy has left the impression that Cosatu is stamping its mark all over economic policy. Case closed.

Or is it? The ANC has also been attentive to other vociferous lobbies — those of business and foreign investors.

It is public knowledge that President Mandela frequently consults the captains of South African industry, who are members of his Brenthurst group, on matters of economic and fiscal policy.

He sought their approval for his choice of Trevor Manuel as Finance Minister, and was given a private presentation of the SA Foundation's Growth for All document

While business and labour have battled it out in public over economic policy, government has kept a baffling silence. RAY HARTLEY asks who's running the country

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Who's in

charge

anyway?

many, he spent much time talking to investors, bankers and finance ministry officials, hearing time and again that investors would like more distance between government and the unions.

In response, Mr Mandela made a dramatic public intervention backing his government's moribund privatisation strategy, saying he was confident he could bring the trade unions "on board".

Mr Mandela's intervention stood out against the backdrop of recent Cosatu militancy, a reminder of the conservatism that underlies ANC economic policy.

The contradiction between the ANC's coy hand-holding with Cosatu and its fiscally disciplined economic pronouncements is best described by the separation of heart and head.

With its heart the ANC yearns for mass acceptance as a revolutionary party in the vanguard of the struggle for a better life, but with its head it realises that the liberalisation of the economy is the only way to get real growth going.

With his heart Mr Mandela talks of how the ANC will never abandon its worker allies, but with his head he urges rapid movement on privatisation.

The inability of the ANC to reconcile these contradictory visions has led to indecisiveness in the formulation of its economic platform.

It is a platform that has steadily been drawn into the orbit of Deputy President Thabo Mbeki since the ANC took office in 1994. At first the ANC viewed the

ment's main economic motor. Spearheaded by Cosatu, the RDP soon seized the popular imagination and was promoted as the country's economic panacea.

The idea that development on a huge scale would lead to growth was central.

But the RDP began to lose lustre when government discovered that development could not take place without detailed economic planning.

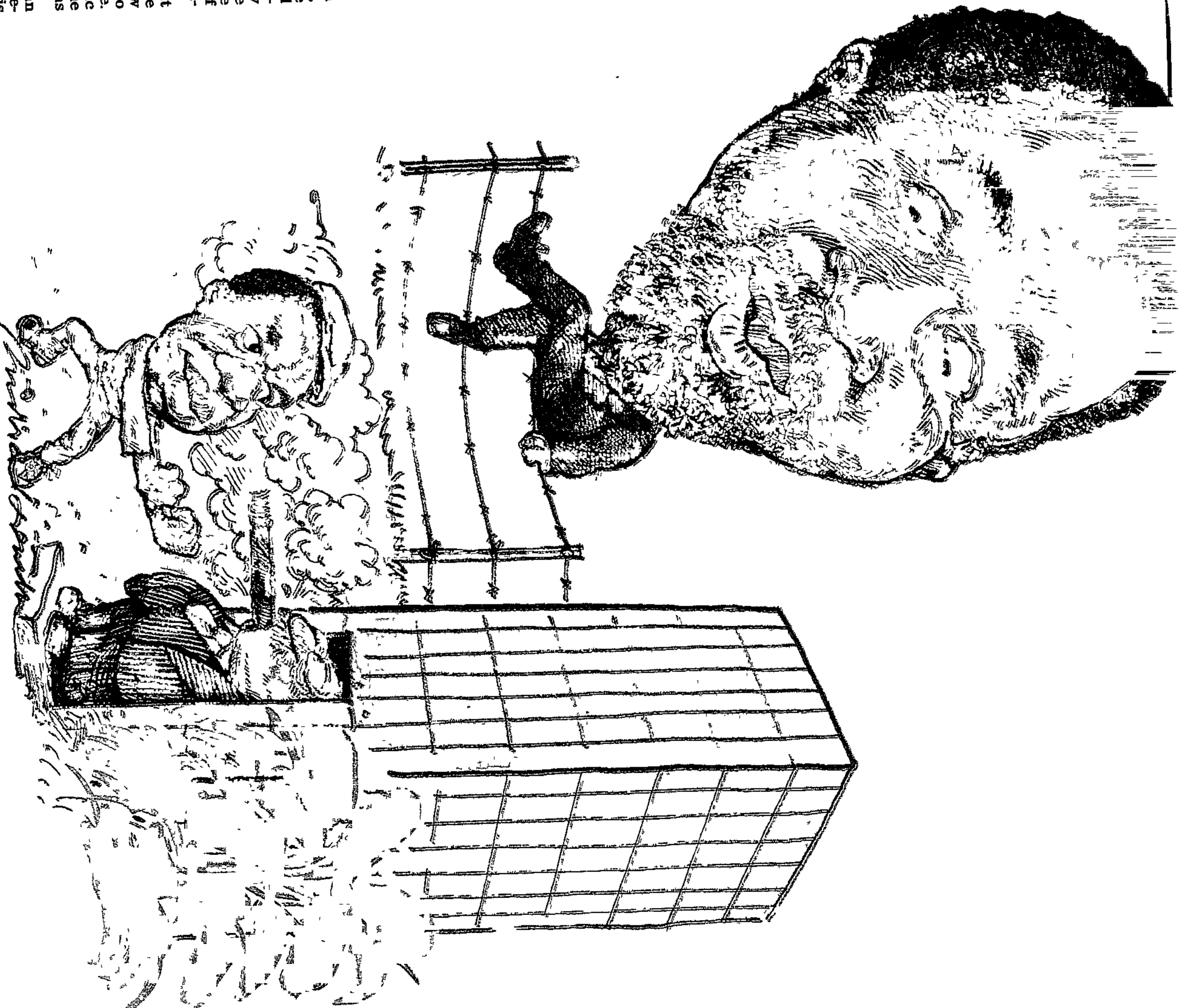
MR MBEKI, who has a degree in economics, moved to reduce the significance of the RDP and create a new superplan, effectively removing Jay Naidoo, who was then the minister in charge of the RDP, from the leadership of government's economic vision.

Mr Mbeki recognised that Mr Naidoo did not have the authority over his fellow ministers that was needed to drive such a programme. And, by moving economic planning into his office, he consolidated his position as unofficial Prime Minister.

At first Mr Mbeki's plan was for a shortlist of immediate-action areas, but this was soon shelved in favour of creating a much larger "holistic" vision which would spell out the ANC's full economic policy.

By February this year, it was known as the Growth and Development Strategy.

Included in this plan were the National Crime Prevention Strategy announced last week, the report of the Labour Market Commission which was completed this week and Governor Jantzi's



work" which is being drawn up by economists.

The ANC has chosen to keep debate on this programme behind closed doors — a move which suggests that unsavoury words are being exchanged between its radicals and conservatives over the plan.

For the moment the growth strategy is said to contain a package of conser-

wage restraint, rapid deficit reduction and substantial privatisation.

The discussion around economic policy has finally confronted the ANC with the difficult choice between following its head or following its heart.

When the organisation took office in 1994, it did so more as a coalition between a

In its parliamentary ranks were trade unionists, businessmen, former homeland leaders of various shades, members of the SACP.

Along with this "broad church" of parliamentarians came a style of decision-making that has led to accusations of indecisiveness.

The ANC, and particularly Mr Mbeki, have had to spend

an intricate consensus within the organisation.

The climate outside the party, meanwhile, has turned bleak with the brief spring of co-operation between business and labour that followed the introduction of the National Economic Development and Labour Council in February 1995 giving way to a winter of hostility.

They have stopped talking to each other and have

turned to the ideological trenches of the early 90s. Cosatu's Vusi Mshingo has come out with disturbing old-style rhetoric against privatisation, and business spokesmen have prattled on arrogantly about the free market.

The decline of corporatism in general has led to the stagnation of the National Framework Agreement in particular.

In terms of the agreement, government and Cosatu were supposed to seek compromises on the privatisation of key state assets to speed up the process.

This has not happened. Instead the process has been driven by one of the ANC's weakest — and slowest — ministers, Stella Sigcau, and treated with contempt by both business and labour.

The faith shown by government in Ms Sigcau's ability to lead such a demanding exercise is baffling. Some have suggested that by having a weak minister in the portfolio, Mr Mbeki has been able to keep control of the privatisation agenda.

Miraculously, four months since it was agreed on, a meeting on the agreement will finally be held this month.

The destruction of consensus between business and labour has been accompanied by a breakdown in political consensus, with the NP leaving the government of national unity last month.

WHEN the growth-strategy process began a year ago, South Africa was in good economic health, with a stable currency, a steady flow of foreign investment and the promise of an improvement in its growth rate.

But instead of capitalising on this, the ANC retreated into a labyrinth of policy formulation processes in an effort to bring its disparate forces on board.

The delay has been costly. With the rand weakening by 25 percent, two interest-rate hikes and bank rates rising, growth predictions are being adjusted downwards.

Instead of moving quickly to turn around this situation, the ANC seems to have been spurred into further inaction by the disintegration of political and economic unity.

Govt wants control of economic policy

Nedlac set for major revamp, says Mboweni

Greta Steyn

THE National Economic, Development and Labour Council is in for a major overhaul after government signalled at the weekend it wanted to take firm control of economic policy decisions

Labour Minister Tito Mboweni hinted at the Nedlac summit on Saturday that legislation governing Nedlac might have to be changed to reflect government's power.

Government sources said yesterday Mboweni had wanted to convey the message that government would be in the driver's seat of economic policy from now on.

"It is possible the Nedlac Act might have to change to correct the imbalance between government and its partners. Certainly, Nedlac itself will have to change if it wants to remain relevant," a source said.

In his speech Mboweni said the forthcoming Nedlac planning meeting "may wish to consider whether we have actually been correct in the way in which we designed the Nedlac Act". He said the interpretation of the Act had also been "far more generous" than necessary, as a result of genuine enthusiasm to make partnerships work

The Act obliged government to negotiate at Nedlac on "all significant changes to social and economic policy" before going to Parliament "The dan-

ger of creating a lame-duck government is real," he said.

He also criticised Nedlac for pursuing "a grand agenda" and called on it to focus on a few issues and deliver agreements on them. He wanted a national agreement on long-term investment, jobs, price stability and housing

Mboweni complained that government was called upon to "engage" on its agenda with its partners, but the others were not compelled to do so. "There is thus an imbalance here"

Commercial banks' recent decision to raise interest rates was an example of an important decision, with macro-economic implications, which did not have to be discussed at Nedlac. The unions, too, did not have to tell Nedlac what their collective bargaining positions were. "Why should it be correct for community-based organisations to (have) input into housing policy and yet leave the same meeting to organise a bond boycott?"

Mboweni said an institution which was unable to adapt its structures and practices to rapid change risked withering away or even becoming an obstruction to transformation

Nedlac had its roots in bodies designed to take some power away from the then government. Despite the new political environment, its design was still influenced "by the desire to curtail the powers of government"

(132)

DD 3/6/96

Shared ⁽¹³²⁾ *sumetan 3/6/96* economic view urgent

Never mind that Shilowa and Boyd sound different, they agree on Nedlac

ALL THE parties within the National Economic Development and Labour Council have reaffirmed their commitment to the Nedlac process and agreed on the urgency of developing a shared future economic strategy

Deputy President Thabo Mbeki said at Nedlac's annual summit in Midrand at the weekend that there was a "need to move with urgency" on a number of issues, including job creation and the attainment of Reconstruction and Development Programme goals

He called on business and labour to work together for higher economic growth and to "tackle the challenges of job creation and the continued racial and gender disparities in wealth, income and opportunity"

"However divergent our interests might seem, we are condemned to live together and interact with one another, both the unwashed and the perfumed. Divorce is not possible"

Anglo American deputy chairman and

Business South Africa chairman Mr Leshe Boyd said South Africa had arrived at a "decisive juncture" with crucial economic and social issues needing to be urgently addressed

He said global pressures to a large extent dictated the macro-economic path the country had to follow and South Africa was no longer in the position to start experimenting with different policy options

Boyd added that business was looking forward to the Government's National Growth and Development Strategy, which should guide the economic debate

Cosatu general-secretary Mr Sam Shilowa said labour was committed to negotiating through Nedlac, but called on the council to define a series of strategic areas which required agreement

He said it was "a test of society's commitment to emulate the so-called political miracle on the economic front," but criticised the parties for not putting adequate resources into the process - Sapa

Mbeki hauls Cosatu's Sam Shilowa over the coals

Nedlac tension still on the boil

CT(BR) 3/6/96 (132)

By Christo Volschenk

ECONOMICS EDITOR

Johannesburg — Business, labour, the government and the development community resolved on Saturday to make a success of Nedlac, but the recent tension between business and labour over economic policies remained much in evidence

At Nedlac's first annual summit in Midrand, the constituents agreed to strengthen their social partnership by allocating more resources to Nedlac and streamlining its day-to-day operation

But labour used the occasion to criticise business's Growth for All economic policy document again. It called on business to put a revised plan on the table

The document led to a war of words between business and labour when it was published earlier this year

Their relationship became so strained that observers feared for Nedlac's future

Though the constituents resolved to work together "toward a strategic framework for economic development", it became clear at the summit that business and labour's differences of opinion remained unresolved

"We see no prospect of reaching agreement with business on its Growth for All document. The



TÊTE À TÊTE Thabo Mbeki, the deputy president, and Tito Mboweni, the minister of labour, in discussion at Nedlac's first annual summit at the weekend

PHOTO: JOHN WOODROOPE

document will undermine the fundamental values of a fair society," said Sam Shilowa, Cosatu's general secretary

"We call on business to put forward a plan consistent with the ethos and values of the RDP. Then we will be prepared to negotiate in good faith," he said

He was hauled over the coals for this by Deputy President Thabo Mbeki, who said labour was wrong to "treat the tabling of

a document for discussion as an act of hostility or a declaration of war, however much one may find the document offensive"

The constituents did find consensus on how to bolster the social partnership and make Nedlac more effective

Tito Mboweni, the labour minister, said Nedlac should cut the number of issues it debated and concentrate on a few important issues

Leslie Boyd, the chairman of Business South Africa, said it was time "to focus on key issues to get to a common vision for growth and development"

"Business and labour must pursue the long-term national interest in the knowledge that some of the policies may in the short term negatively affect our constituencies," he said

— See Mboweni speech, Page 14

Mboweni: Nedlac needs a dialectical approach

CT(DR) 3/6/96 (132)

The government, labour, business and the community have agreed to redefine Nedlac's mandate during a series of planning meetings to start in the next few days. At Nedlac's annual summit at Gallagher Estate on Saturday, Tito Mboweni, the labour minister, suggested a few changes to the way Nedlac operates. This is an extract of his speech.

We should think seriously about taking a new direction with Nedlac to ensure effective agreement and consensus-making systems.

At the planning meetings, the constituents may wish to consider whether the Nedlac Act has been drafted properly

The nature of our environment demands that we not only make demands on government but that we pursue a dialectical approach to consensus seeking. It is correct for business, labour and the community-based organisations to make input into public policy. But this cannot continue to be a one-way street.

Part of the problem may be the Nedlac Act. It imposes obligations on government to bring "all significant changes to social and economic policy" to the table "before it is implemented or introduced in parliament". There is a real risk of creating a lame-duck government in this obligation. Government is specifically called upon to engage in its agenda with the partners. But the other constituents in Nedlac are not obligated to bring anything to the table.

Why should it be correct for the community-based organisations to make input into housing policy and yet leave the Nedlac meeting to organise a bond boycott? Why should government provide information on its plans and have these negotiated at Nedlac and yet there is never any discussion of labour's forthcoming collective bargaining demands or business's decisions on investment and prices? We recognise these are commercial

decisions which are not always handled in participatory structures. But business cannot simply say "Government must provide us with a suitable environment and then the fruits of our actions will trickle down to you", and then demand to be involved in very sensitive budgeting processes where extremely valuable information is passed on. There is an imbalance here which needs to be addressed.

Second, the constituents cannot be oblivious to the impact their actions or non-actions have on the economy. What should the role of the constituents be when the rand is under pressure? I am sure there must be a role, for we cannot proceed as if nothing is happening.

It seems we have handled these issues too mechanically and it is time for us to be more dialectic in our approach.

Third, Nedlac has a large number of items on its agenda and people have been working hard at Nedlac. But I am not so sure that we have been working smart enough.

A few agreements have been reached in the past year, but given the large number of items on the agenda the success rate has been average or actually below average.

In future Nedlac may wish to focus on a few issues and deliver agreements on those rather than go on and on pursuing a grand agenda with items which really do not require lengthy deliberations in Nedlac. Should we be asked what the critical challenges facing South Africa are, we will most likely say long-term investment, jobs, price stability and housing. We would probably argue the greatest contribution Nedlac can make towards realisation of those goals is to urgently reach a fundamental agreement on all these issues for they are inter-related and require a holistic, binding and well sequenced national agreement or vision. It would then make a lot of sense for us to set up a mechanism to help with the planning, research, co-ordination, negotiation and implementation of such a national agreement or vision in the shortest possible time.

Nedlac using 'social capital' for development

(132) BD 5/6/96

"CONSENSUS-seeking in economic and social policy is alive and well — and living in Nedlac. The hatchet has been buried," exclaimed one enthusiastic delegate after the first Nedlac summit on June 1.

Certainly all the constituencies — government, business, labour, the community — arrived at the meeting determined to give Nedlac a new lease on life.

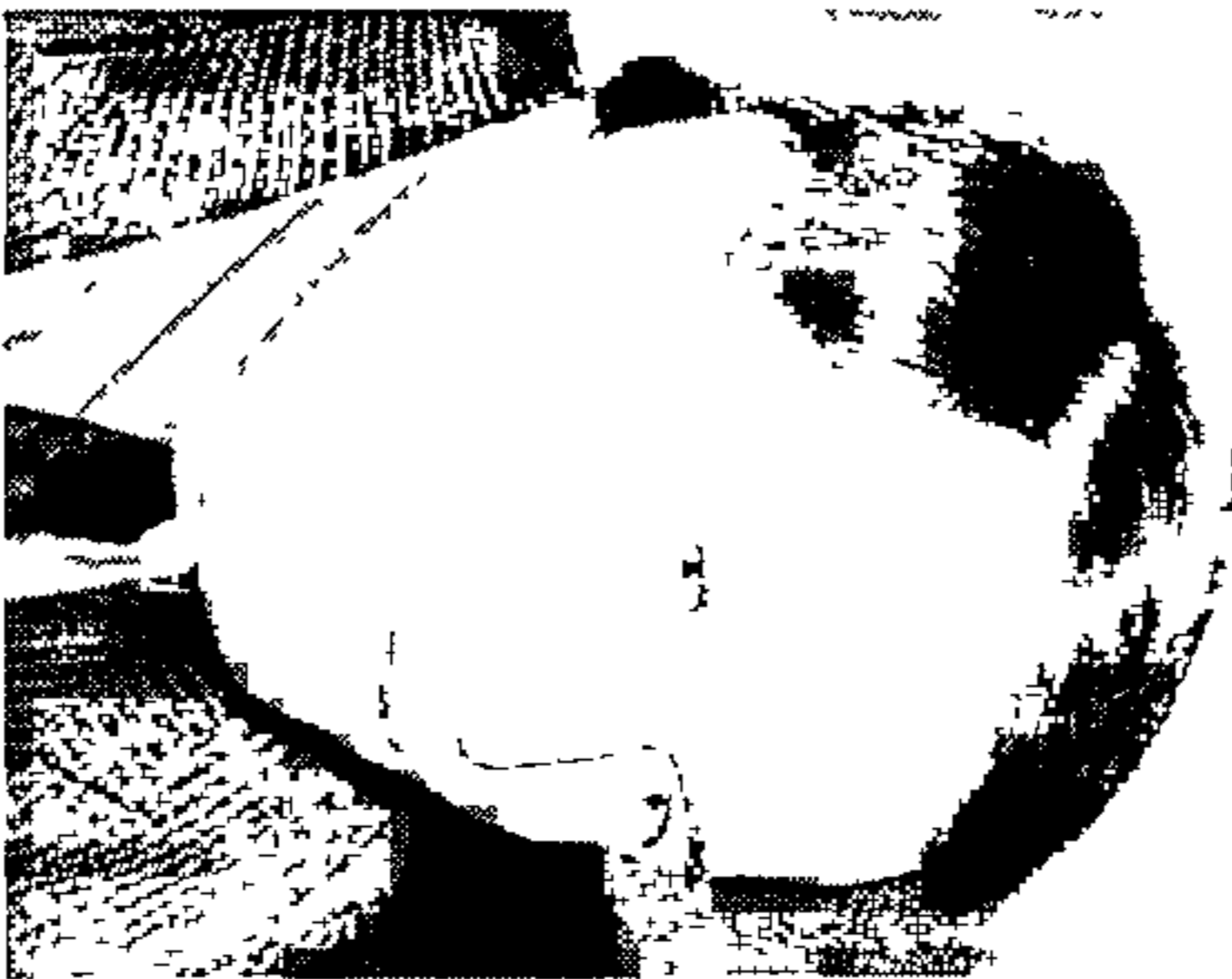
The hatchet may well have been buried, but for some the handle is never far from the surface. The most significant outcome was a renewed commitment by all parties to build trust in the Nedlac process. For SA this is important.

A recent book by Prof Francus Fukuyama analyses the relative economic performances of "high trust" societies and "low trust" societies. He concludes that one of the lessons of economic life globally is that a nation's well-being and its ability to compete, is conditioned by a single characteristic: the level of trust inherent in a society. This represents "social capital" — the ability to work together for common purpose in groups and organisations.

In this country Nedlac is the economic dimension of President Nelson Mandela's commitment to reconciliation and nation-building. It is an investment in social capital. Lev-

els of trust have to be sufficient to oil the wheels of compromise in Nedlac. Sensible compromise underpins meaningful negotiation.

Where do we go from here? The extent to which constituency spokesmen at the summit avoided acrimony must not blind us to the challenges that lie ahead for Nedlac. The fact remains that all parties



PARSONS

RAYMOND PARSONS

want to see Nedlac work more effectively, though they may have their own reasons for desiring to alleviate their frustration with the process so far. If Nedlac did not exist, we would have to invent it.

What came out of the summit from the business perspective were five key features about the future.

Firstly, there must be a greater sense of urgency in the work of Nedlac. This requires more focus and prioritisation in the Nedlac agenda. Nedlac should not be a dumping ground for petty issues, but must keep its eye on the national economic interest. We need to create an environment favourable to investment and growth if unemployment and poverty are to be successfully addressed. Global realities remain an imperative in shaping such an environment. The "African Lion" must match the "Far East Tigers".

Secondly, there needs to be a broad strategic framework, or common vision, which captures the overarching requirements of economic development.

Deputy President Thabo Mbeki emphasised that government cannot abdicate its leadership role in this sphere. When the Cabinet de-

clines soon on a growth and development programme it must use Nedlac to bring the other stakeholders on board. We need to hitch our economic wagon to a guiding star. Put differently, the bigger the economic vision, the higher the growth and job creation potential; alternatively, the smaller the vision, the lesser the economic performance.

Thirdly, if Nedlac cannot develop a shared economic vision, all is not lost. Second prize is to develop the "bottom-up" issues where progress can be made. One element common to both business and labour views is a focus on productivity. A productivity "accord" may be a key that opens several doors. Nedlac should be a forum that seeks genuine compromise, not false consensus.

Fourthly, business must critically examine certain proposals in Labour Minister Tito Mboweni's remarks about the future role of Nedlac. For the government to play a leadership role in broad economic policy is one thing, but wanting to use Nedlac to force intervention in the financial and labour markets is another. Collective bargaining processes and the functions of the Reserve Bank should not be compromised by Nedlac. It must not become a stalling horse for obsolete dirigisme. Nedlac is meant to be a

consensus-seeking mechanism. Finally, business has recognised its special obligations in the transformation process. A rise of 32% in private fixed investment since 1993 has already helped to push the growth rate to over 3%. Further areas of attention include training, research and development, and infrastructural investment. New participants in the economy also need assistance if black economic empowerment is to succeed.

Nedlac must demonstrate that its functions remain relevant to transformation and good governance. For if function declines, status and influence do not long survive. It must also develop an appropriate relationship with Parliament. Nedlac does not govern the country; it helps to keep the country governable. At the end of the day the ability of SA to reach a 6% growth target by 2000 is at stake — not just any growth, but the right kind of growth. Economic growth is not "a cure for all diseases, an end to all distress". But it makes other aims easier to attain, and softens conflict among them. An effective Nedlac remains essential to that process.

□ Parsons is overall business convenor in Nedlac and director-general of Sacob.

LETTER



Nedlac at the weekend held its first annual summit at which a crucial resolution on its future focus was taken, and its 15-month history was reviewed. The summit ended with the partners in Nedlac reaffirming their commitment to tackling the economic and social challenges facing the country



Nedlac reaffirms its commitment (132)

CT (MK) 5/6/96

The National Economic Development and Labour Council's (Nedlac) summit held at Midrand at the weekend has agreed to streamline its structures and processes in a deliberate bid to iron out problem areas and become even more effective.

At the weekend summit, the South African government, organised business and labour and the community constituency reaffirmed the commitment, made at the launch of Nedlac 15 months ago, to work together to address the economic and social challenges facing the country.

When Nedlac came into being last year, three defining challenges were identified: sustainable economic growth, greater social equity, and increased participation in decision-making.

Central to these challenges was the critical need for rapid and sustained employment creation, of better jobs for those already employed and the accelerated alleviation of poverty.

Three defining challenges were identified: sustainable economic growth, social equity and increased participation in decision making

the appropriate level of detail,

3 Work towards developing a strategic framework which captures the overarching requirements and challenges of economic development,

4 Focus and prioritise issues on the agendas of the Nedlac chamber,

5 Structure the policy formulation process to ensure that all parties substantively participate and are afforded adequate time to consult on policy issues, while also setting deadlines for the consideration of issues,

6 Develop a structured relationship with the parliamentary process,

7 Strengthen the capacity of the constituencies by improving access to, and the utilisation of, information and resources, including existing public resources,

8 Ensure consistent and effective representation of delegates in Nedlac structures to allow for substantive dialogue to take place

Nedlac has agreed to look at the issues as a matter of urgency and is considering a series of planned meetings

1 Evaluate, improve and strengthen the process of social dialogue and agreement-making and to build confidence and trust in the Nedlac process at all levels,

2 Enhance the agreement-making function of Nedlac by improving its co-ordination and capacity to deal with matters and set negotiations at



CEMENTING LINKS Business South Africa president Leslie Boyd with Cosatu secretary-general Sam Shaloowa

SAs' most representative policy body (132)

CT (MK) 5/6/96

Nedlac was born out of a need for economic transparency in decision making.

Its origins lay in the struggle against apartheid - and against unilateral decision-making.

Coupled with this were growing calls from all sectors of society who wanted a say in matters that affected them.

The Nedlac Act was passed unanimously in Parliament in 1994 and the council came into being on February 18, 1995, ushering in a new era of inclusive decision-making and consensus-seeking in the economic arena.

The scope of its activity is four-pronged.

The Act says Nedlac shall

Strive to promote the goals of

economic growth, participation in economic decision-making and social equity,

Seek to reach consensus and conclude agreements pertaining to social and economic policy,

Consider all significant changes to social and economic policy before it is implemented or introduced in Parliament,

Encourage and promote the formulation of co-ordinated policy on social and economic matters,

Nedlac draws on the experience of its predecessors, the National Economic Forum and the National Manpower Commission, and is also part of an international tradition of institutionalised co-operation between the government and economic stakeholders.

Nedlac, in fact, is the most representative policy body South Africa has yet had, including the government, labour and business, as well as organisations.

It is an agreement-making body of equal partners and not an advisory body. It requires mandated representatives and serves as an instrument for "accord-making".

Nedlac's founding document describes its character as "a representative and consensus-seeking body where the parties to the council will seek to reach agreement through negotiation and discussion based on proper mandates".

If agreement cannot be reached, each party retains its freedom of action within its own sphere of responsibilities.

Plans to re-ignite the failed Masakhane campaign (123)

CT (MK) 5/6/96

A national workshop to develop proposals for redefining the Masakhane campaign - with emphasis on linking the campaign to delivery - is to be organised by Nedlac's Development Chamber.

In its report to the Nedlac summit this weekend, the chamber said it was acknowledged that the campaign had fallen short of its aims.

Its specific aims, according to the Masakhane base document, was the acceleration in the delivery of housing and services, stimulation of economic development in urban and rural areas, payment of rent, service charges and bonds, the creation of large-scale investment in housing and local economic development and the promotion of the Development Chamber.



Plans for streamlining revealed at summit

(132) CT (BR) 5/6/96

Fifteen months after Nedlac came into being, its executive director, Jayendra Naidoo, has outlined plans how the council is to be streamlined.

He told the weekend summit that a key challenge was the building of the capacity of the constituencies so that they could take part fully in Nedlac.

"The limited resources of the Nedlac capacity fund can make only a small contribution to assist labour, small business and the community constituency in this effort," he said.

"Ways will have to be found to increase the resources available for capacity building."

Nedlac had to streamline and expedite the Nedlac process.

There was an increasing demand for the involvement of senior leadership of each constituency in concluding negotiations on each issue.

"We may need to evaluate

Nedlac structures, especially the key decision-making structures of Nedlac such as the executive council and summit, so we can make the best use of the precious time of the leadership attending these meetings," he said.

Negotiations on the Labour Relations Act had shown that all parties had a deep-rooted respect for their internal mandating requirements.

However, the quality and style of communication between the parties had often been overly robust. This had been exacerbated over the past few weeks.

Building the Nedlac process required a clear commitment to a common set of goals.

Developing such a consensus would take time.

"Our challenge remains to make full use of the special 'window' for social transformation which has opened as a result of the transition to democracy," he said.

Half a million jobs by 2000 an attainable goal, says Mbeki

CT (BR) 5/6/96 (132)

A number of key figures in Nedlac addressed the summit at the weekend.

The deputy president, Thabo Mbeki, told the gathering that the goals South Africa had set for a six percent growth rate by the end of the century, along with the creation of half a million jobs, were attainable.

He told the summit that these goals would, however, require detailed elaboration "of the means by which success can be achieved".

He told delegates the wider the differences seemed among themselves, the more urgent the need to become engaged in discussion.

"We should not treat those differences as though they were a summons to take to the barricades or act in a manner which indeed transforms them into a call of war," he said.

The government, he added, would not abdicate its responsibility to lead and to govern "while still striving to reach consensus with its social partners".

Leslie Boyd, the chairman of



LAST-MINUTE CONSULTATION Nedlac programmes director Debra Marsden checks the final draft of the resolution with Nedlac executive director Jayendra Naidoo. Next to them is deputy president Thabo Mbeki, who presided at the summit.

Business South Africa, told the Nedlac summit that business was currently exploring its role in addressing the country's needs in training, research and development and infrastructure investment.

"At an enterprise level," he said, "we must address the challenge of increasing productivity to internationally competitive levels."

"This must involve critically evaluating our management practices, reviewing workplace strategies, addressing our internationally uncompetitive costs of production and above all, working together to manage the inevitable challenges of restructuring."

Along with labour, business had to play a critical role as representatives of their respective constituencies "while never losing sight of the needs of those presently outside the formal economy".

Lloyd said a common goal united all involved in the Nedlac process. South Africa had to be guided on to a higher growth path where the benefits could be shared, poverty alleviated and the massive unemployment crisis facing the country eliminated.



THANDI SIGODI Nedlac has to alleviate poverty!

"Global pressures to a large extent dictate the macro-economic path the country must follow," he said. "We are not in a position to begin experimenting with different policy packages."

"The international evidence is out there in terms of what we simply have to do."

Sam Shulowa, the secretary-general of Cosatu, has listed six specific goals for the coming year.

He told the Nedlac summit that the first was job creation "through such areas as public works, mass housing programmes, job sharing, training the workforce, increasing productivity and land distribution."

"The second is redistributive fiscal policies through measures like social spending and tax policies," he said.

The third goal was breaking the concentration of economic power and the promotion of small and medium enterprises.

The fourth goal was improved worker rights, dealing with collective bargaining, strong union rights, investing in training, closing the wage gap and the disclosure of information.

The fifth goal was industrial democracy "through a range of

steps floor and board mechanisms" and the sixth goal the promotion of economic development and worker rights internationally.

Shulowa called on organised business to put forward a programme consistent with the ethos and values of the Reconstruction and Development Programme.

"We offer a preparedness to negotiate in good faith," he said.

Thandi Sigodi, the convenor of the Women's National Coalition, told Nedlac that her organisation was about to release a document which would detail its position on economic and development policy.

The success of Nedlac, she said, depended on five factors.

It had to alleviate poverty, particularly for the rural and the marginalised, it had to redress unemployment by creating jobs and ensuring economic empowerment, it had to provide basic services such as water, energy, housing and infrastructure, it had to develop human resources, and it had to build the necessary capacity for community participation, Sigodi added.

Solid progress made, says Naidoo

(132) CT (nr) 5/6/96

Jayendra Naidoo, the executive director of the National Economic Development and Labour Council, has dismissed as "most unlikely" suggestions that Nedlac could become simply a "club of the leadership engaged in talks above the heads of members"

In a message to the Nedlac annual summit in Johannesburg at the weekend, Naidoo said the negotiations on the labour relations bill in the first half of 1995 had shown that all parties had deep-rooted respect for their internal mandating requirements

"The labour relations bill experience has infused a more robust style of interaction between the constituencies than that which occurred in either the National Economic Forum or National Manpower Commission," he said

"While this is a positive development, it has also led to a more cautious style of communication and negotiation. Far more attention needs to be given by all constituencies to enhancing a problem-solving process of dialogue in Nedlac, and to strengthening the facilitative characteristics to ensure that good communication and outcome-oriented negotiations occur despite

the robust style of dialogue"

Naidoo told the summit that a "respectable" number of agreements had been concluded since the council was launched on February 18 last year

In all seven formal agreements had been reached, including the labour relations bill, mine health and safety bill, agreement that South Africa would ratify six conventions of the International Labour Organisation, and agreements regarding the establishment of institutions to promote small and medium-sized enterprises and investment

"The most significant agreement reached was on the labour relations bill which was completed in ten weeks," he said "Developing policy proposals and reaching agreement is generally a time-consuming effort which requires research, debate, investigations and negotiations. The speedy outcome to the negotiations on the labour relations bill was possible only because several years of work and debate on this area had already occurred and a substantial negotiating document had already been drawn up by the government by the time of Nedlac's establishment

"Other issues have generally been at a more preliminary stage of policy development, thus requiring more time for consideration"

Several critical issues were still under negotiation. Substantial work had already been completed on many of these, placing the Nedlac process within reach of further significant agreements within a reasonable period, he said

Nedlac had been required to begin its activities immediately and had to establish its secretariat and structures at the same time as commencing full-scale negotiations on the labour relations bill and other issues. Despite these difficulties, a credible and efficient secretariat had been established

After a lengthy selection process, the organised community constituency was established, consisting of five sectors of civil society. After a year of activity, this constituency had begun to consolidate into a credible partner in the Nedlac process

He said "A positive relationship has started to evolve between the Nedlac process and the parliamentary process. After difficulties during the labour relations bill negotiations, an approach has been



CLOSE CONTACT Sam Shilowa, Cosatu secretary-general, with Jayendra Naidoo, Nedlac executive director

developed to interact with appropriate parliamentary committees at an early stage of negotiations to fashion a pattern of interaction and communication which ensures that the negotiation process in Nedlac is complementary to parliamentary processes"

Naidoo said much had still to be

done to strengthen and expedite the Nedlac process. An even higher rate of "delivery" of agreements was required. The time necessary to implement agreements and establish multipartite structures needed to be shortened

"Our challenge remains to make full use of the special 'win-

dow' for fundamental social transformation which has opened as a result of the transition to democracy," he said "This window of change will stay open for only a while, and not forever. Let us work to make the coming year a period of successful agreement-making and implementation"

Working structure of Nedlac laid bare: novel but simple

(132) CT(DR) 5/6/96

How does Nedlac operate and who serves on the council?

This is a question often asked and the answer is simple

There are four Nedlac constituencies whose job it is to produce agreements which can be acted on to improve the country's prospects and quality of life

The business constituency in Nedlac is represented by Business South Africa (BDSA) and the National African Federated Chamber of Commerce (Nafcoc)

The labour constituency in Nedlac is represented by the Congress of South African Trade Unions (Cosatu), the National Council of Trade Unions (Nactu) and the Federation of South African Labour Unions (Fedsal)

The government delegation in Nedlac includes ministers, deputy ministers, directors-general and senior officials from several ministries and departments, including labour, finance, trade and industry, public works and mineral and energy affairs. The government's involvement is co-ordinated through the Department of Labour.

The fourth constituency in Nedlac - the community - comprises representatives of the women,

youth, rural, disabled and civic sectors. Immediately after the launch of Nedlac, the important task of constituting the community constituency was begun.

The decision to incorporate a fourth constituency and the actual process of involving community interests is both novel and historic. According to the criteria set out in the Act, organisations included on Nedlac needed to represent a significant community interest on a national basis, to have a direct interest in development and reconstruction, to be constituted democratically and be able to seek mandates from its members.

Soon after the launch of Nedlac, more than 60 applications for membership were received. A selection committee was set up to make recommendations and the then Minister without Portfolio selected the following organisations:

- Civics South African National Civics Organisation
- Youth National Youth Development Forum
- Women Women's National Coalition
- Rural people National Rural Development Forum
- The disabled South African

Federal Council on Disability

The National Youth Development Forum has since disbanded and the youth are in the process of forming a new body to represent their interests.

The community constituency is represented with business, labour and the government in the Development Chamber and also has representatives on the Management Committee and Executive Council.

Nedlac's most senior-decision-making structure is the executive council. It meets quarterly to consider reports on the general affairs of Nedlac and on the work of the chambers. The executive council also deliberates on areas of disagreement or deadlock that might have arisen in the chambers.

The Management Committee meets monthly and its task is to oversee and co-ordinate the work of Nedlac and, in particular, its chambers.

The Nedlac chambers are considered the engine room of the institution. They meet every fortnight.

Nedlac is funded from the budget of the Department of Labour. During its first period of operation (January 1, 1995 to March 31, 1996) it received R7,9-million.

Plan to streamline local development structures

Robyn Chalmers

BD 7/6/96

(132)

THE National Economic Development and Labour Council's (Nedlac) development chamber will meet next week in a special session to thrash out a framework to streamline local development structures

Participants in next Thursday's meeting will include organised local, provincial and national government, non-governmental organisations and community-based organisations

Representatives from the Centre for Development and Enterprise, the Development Bank of Southern Africa and the Institute for African Alternatives will also be present

Nedlac executive director Jayendra Naidoo said yesterday that tension and confusion had arisen between the community-based development structures and existing development committees

These committees, such as water and sanitation as well as health committees, had been established at the request of various government departments over the past two years

"There are a minimum of 27 community development forums in the

central Witwatersrand alone, with little co-ordination between them and the three tiers of governments. Clearly, it is desirable to streamline and co-ordinate development structures to speed up the implementation of programmes and projects," Naidoo said.

The key issues outlined in a proposed framework to be tabled next week include the form and role of community and local economic development forums, and the role of local authorities in development structures.

In September last year, Nedlac began work on formulating the proposed framework for the establishment of single and representative development structures at local levels. Naidoo said a draft framework document, formulated by the Nedlac secretariat with input from its key constituents, would be discussed at the special session and, if accepted, would be ratified by Nedlac's executive council

It has been proposed that the development forums should represent a single disadvantaged community at local level and ensure that priorities in each community are not diluted by the priorities of the broader local area.

Trade-offs needed in Nedlac-brokered social accord

(132) PD 7/6/96

THE labour market commission's report — intended to guide the drafting of a labour market policy white paper — is to be released later this month at a time when relations between labour and business appear to have hit a low over future economic policy.

Questions have been raised as to whether the angry discourse has had an effect on the commission's deliberations, and there is a possibility of labour and business jeopardising implementation of recommendations if, as expected, the report relies heavily on issues being addressed through a formal social accord.

Since appointment of the commission — co-chaired by labour minister special adviser Dave Lewis and Deputy President Thabo Mbeki's special adviser Moss Ngosheng — last year by President Nelson Mandela, much of the deliberations have been shrouded in secrecy. The only area of debate in the media revolved around adoption of a national minimum wage and whether such a measure would inhibit job creation

It is understood that numerous independent reports were commissioned on the relationship between wages and employment.

The commission's terms of reference were far-reaching and required it to develop "active labour market policies necessary to meet the RDP's employment objectives which are consistent with the requirements of productivity enhancement and macroeconomic stability".

The commission has addressed mechanisms to achieve job creation and unemployment, various options in wage determination and increasing productivity; the effect of alternative mechanisms of wage determination on the development of small and medium enterprises, flexibility within the labour market; productivity enhancing mechanisms and building a national productivity accord, elements of a national incomes policy, a "social plan Act" to cushion the effects of lay-offs and restructuring, human resource development and affirmative action, and immigration.

It is not improbable that tensions

RENEE GRAWITZKY

between labour and business outside the commission were reflected in the body's deliberations. The commission's members included a mix of different and divergent disciplines and views. In view of the range of highly charged and politicised issues addressed, it needs to be asked if commissioners were able to overcome their fundamental differences and tackle the important issues at stake — rather than settling for a mutually palatable, but meaningless, document.

In the build-up to the National Economic, Development and Labour Council (Nedlac) summit last week, and the release of the commission's report, Labour Minister Tito Mboweni warned labour and business that if they were unable to take serious partnership seriously, government would be forced to make all the decisions.

Mboweni said implementation of the new Labour Relations Act required a high level of co-operation

from business and labour. It is clear that even more co-operation will be required if the commission's report opts for a social accord.

Whether a broad social accord or merely agreements on specific issues are called for, an environment conducive to reaching consensus will be required.

A continuation of the current strained relationship between labour and business could seriously compromise the viability of the report's suggestions.

The relationship between labour and business is clearly of some concern within the ministry, as well as Deputy President Thabo Mbeki's office, which is finalising details of a growth and development strategy.

Presumably attempts are being made to achieve a degree of consistency between the two initiatives.

Asghar Adelzadeh, senior economist at the ANC-inclined national economic policy institute, says a social accord cannot be negotiated as an entity in itself.

The focus should, he says, first be on building consensus, and on a

growth strategy.

Thereafter, a social accord could be negotiated in Nedlac with all parties understanding that whatever trade-offs or sacrifices made are, in pursuance of achieving objectives within a total growth strategy.

Negotiating a social accord requires labour, government and business to come to the party with certain trade-offs. If labour ultimately agreed to a form of wage restraint, what tangible proposals would business and government make?

The current "war of words" between two of the social partners could imply that both wish to maintain the status quo rather than make concessions whose concrete effect may be uncertain.

It is anticipated that some recommendations will be predictable, but there will be a few "surprises".

However, because of fears about severe political ramifications, certain crucial policy positions might not have been adequately addressed — which could eventually undermine even the most constructive labour-market policy.

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Nedlac needs to articulate one clear, simple economic truth

CT(BR) 10/6/96 (132)

Trade unionists, big business, and the government are refusing to confront the simple realities which underlie growth and prosperity, writes Garth Wardle

Some may have read and rejoiced at the pronouncement by Jayendra Naidoo (Nedlac Executive Director) that "solid progress" has been made by Nedlac (National Economic Development and Labour Council) in its first 15 months

In truth Nedlac has been foundering in a sea of "committee speak", such as: "an approach has been developed to interact with appropriate parliamentary committees at an early stage of negotiations, to fashion a pattern of interaction and communication which ensures that the negotiation process in Nedlac is complementary to the parliamentary processes" (Naidoo)

Who cares about their precious processes? Is there any contribution to actual economic growth being made? If so, speak it plainly with measurable data

Sam Shilowa (Cosatu) says we need to create jobs in his "six goals for Nedlac" speech, Thabo Mbeki wants half a million new jobs, Leshe Boyd (Anglo and Business South Africa) wants to eliminate the unemployment crisis. But when they get down to what they actually mean and actually want, their real agendas take priority

Boyd growls about increasing productivity to where it will meet

with internationally competitive levels (Interpretation no new jobs or wage increases until South Africa matches Japanese and German labour productivity, that is, big business's agenda)

Tito Mboweni presents his green paper on employment standards, setting minimum standards for leave, working hours, overtime and so on (Interpretation the government will outlaw doing too much extra work)

If everyone genuinely wants new jobs and economic growth then we should all get down and create new jobs and growth. This is not rocket science. If we need a clean car on a Saturday morning (and we have no one to do it for us) the only way the car will get clean is by getting up and putting our back into the task

Don't pussy-foot around, Nedlac. Tell everyone the truth. We all have to buckle down and work like maniacs for a few years and only then pick our heads up and look for progress. That means everyone has to do this, top management and unionised labour definitely included

This actually means shorter working lunches for management, no promotional golf days in the week, no afternoon meetings at other offices, cleverly scheduled for going back home afterwards instead of back to the office

This actually means no extra leave for workers, no wage increases and no cleverly engineered tea breaks, off time, sick

time, double time, marching time, protesting time

Let a small businessman tell you how to grow value. Go for years without holidays, work weekends, come to work before and after family funerals. Do all this for very little money now, and the promise of big gains later

This is economic effort, this (mixed with access to capital and creativity) is what it takes to grow value from nothing

Until all the players at Nedlac and the population of South Africa eat, sleep and live the above we will not create enough jobs, compete internationally or grow

We need a fundamental change in people's attitudes to work and money. They cannot be seen as rights. If they are rights, and nationwide joblessness and poverty comes along and infringe upon them, who has the power to enforce those rights?

Work, money, and freedom from poverty are privileges to be worked towards and cherished by societies and by individuals. How will we grasp this truth, which is vital to our survival, if our economic leaders carry on with committee speak and their own agendas at forums like Nedlac?

Shame on you Sam, Tito, Leshe. Don't allow us to fool ourselves that we will be the only society ever in history to find a short cut past the bit along the way to prosperity, that says "here be hard work and long hours". Shame on us all if we ever think differently

Economic plan likely to infuriate labour and please business

By Christo Volschenk

ECONOMICS EDITOR

Cape Town — The national growth and development strategy to be presented to the cabinet today is expected to infuriate labour, but business is likely to come out in favour of the plan.

The strategy is expected to be closer to the Growth for All document recently submitted to the National Economic Development and Labour Council (Nedlac) by business — which enraged labour — than to labour's Social Stability and Job Creation document.

The team worked under the leadership of Thabo Mbeki, the deputy president, with Trevor Manuel, the minister of finance,

and economists in the public and private sector centrally involved.

A spokesman for the finance ministry said yesterday that the document would be released for public debate as soon as the cabinet accepted it, which could be today.

The strategy is expected to give a large role to market forces and private initiatives, in line with the general direction that the government's economic policies have taken since May 1994.

Commentators expect the strategy to include policies that the government has been reluctant to support openly, such as privatisation, deregulation and relatively low deficits before borrowing.

As such, the strategy is expected to be closer to the business docu-

ment than to labour's document

Labour's document gives a central role to the dismantling of the conglomerates and the narrowing of the income gap between blue-collar workers and top management.

Though aspects of the government's strategy may infuriate labour, commentators speculated yesterday that the big debate may be kept out of the public eye. The big fights might possibly be kept for the closed chambers of Nedlac, they said.

By yesterday labour had not seen the final document and Neil Coleman, Cosatu's spokesman, said labour would respond to the document when it was released. "It will also be submitted to

Nedlac, where labour will, of course, take a close interest," he added.

He gave the assurance that labour would not be dogmatic about privatisation.

Sources speculated the strategy would include market-orientated steps such as stricter anti-monopoly legislation, a lowering of tariffs, a disciplined monetary policy, which means continued high real interest rates, a disciplined fiscal policy, which will include the lowering of the deficit before borrowing to internationally accepted levels, the restructuring of state assets to make them more efficient, and the freeing of the foreign-exchange market by gradually lifting the remaining controls on for-

ign exchange

Labour's document is based on the belief that programmes to promote social equity lead to higher growth. In labour's view the primary focus of economic policy should be on creating equity in society and not on growth.

The government's plan, however, may be premised on the belief that growth should be the primary focus of economic policy. It is expected to argue that programmes for social equity can only be implemented and paid for once the economy grows at sustained high levels.

Though labour and the government have the same goal, they may differ on the way to get there.

□ See Forum, Page 18

RELATIONSHIPS in the "golden triangle" of business, government and labour are seemingly at a record low, despite some cementing-over of cracks at the recent Nedlac summit.

Some proclaim that the triangle is dead, others that it is just discredited, while still others view it as the potential solution to SA's socioeconomic woes. All this begs the question: what is business's role in the rapidly ageing new SA?

It is common cause that business's "core competency" is to produce goods and services and, in doing so, to employ people, make the economy grow and make profits for its shareholders.

But do business have other responsibilities like supplying communities with schools or houses, helping government fight crime or providing management skills to government officials? Or being government's socioeconomic partner?

Business operates in a global environment where expectations of it by other sections of society go beyond "merely" job and wealth creation (as if that is not hard enough).

Historically, SA business has played a major socio-politico-economic role. In the past 20 years, billions of rands have been spent on corporate social investment in areas like education and housing.

Business has also acted in the policy battle against the system and effects of apartheid in organisations like the Urban Foundation, and contributed significantly to a relatively peaceful constitutional transition via the role of organisations like the Consultative Business Movement.

These interventions were not (only) because business consisted of "bleeding heart liberals", but because it saw that change was both inevitable and in its interests, the business of business was to stay in apartheid and contribute towards a free and democratic SA.

There were even instances of co-operation with "old enemies" like trade unions. The conventional wisdom was "We have to co-operate to make it work, or else we will go down together." The approach was

'Golden triangle' needs three sides to stay in shape

(132)

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pragmatic, not ideological.

After the 1994 election, however, things began changing — "normalising", some say. With a democratically elected legitimate government in place, there is a desire for a return to the adage "The business of business is (only) business."

The cosy relationship in the golden triangle has been replaced by stridency and public criticism, with business being mentioned in some circles as "the only effective opposition to government."

In this scenario, business must make a stand and "tell it like it is". Nedlac is ineffective and/or biased, government is indecisive and/or incompetent and Cosatu is running and/or ruining the country. All this implies that the time for negotiation, compromise and co-operation has ended.

Is this scenario correct? Is business's role now one of just producing goods and services and making profit? Are we finally a "normal society"? "Business" is clearly not a monolithic entity. It is not possible, as with institutions like political parties or universities, to find the business *vis-à-vis*.

By definition, business is diverse and often in competition with itself. There is no such thing as "business". Organised business, in three structures, represents the tangible manifestation of "business": the federal umbrella Business SA, Nafcoc and

big business's proclaimed spokesman, the SA Foundation.

Yet even this tangible form of business has different faces, leaders and, often, opinions. And all claim the right to speak, negotiate and lobby government.

Business has also, however, chosen another form of engagement between it and the external environment. From the days of the Urban Foundation and the Consultative Business Movement, firms have felt the need to have a non-mandated capacity flexible enough to respond to national challenges and problems as they arise.

The National Business Initiative, which held its first AGM yesterday, was formed by senior business leaders to fulfil this need. Its mission is to enhance business's (read companies') collective contribution to SA's effective functioning. It facilitates frameworks for partnerships between government, business and communities to address national problems which would otherwise not have been effectively addressed by individual companies or organised business.

Business has thus carved a role for itself — a new role outside the factory gate and boardroom. It had for years played such a role outside of its core competency. The new po-

litical-economic environment meant that wider role needed redefinition.

For a society that is still aspiring to be "normal", an extraordinary effort is necessary by all stakeholders, including business, to ensure the country does not fail economically, socially and politically.

During this transition, no single stakeholder can assume an isolated set of rights and responsibilities. The old boat metaphor is very instructive. If government's part of the boat is full of holes, the whole country will go down together. It will not help business to pontificate and claim that government's holes are government's responsibility.

Business's responsibility in keeping the boat afloat rests on two pillars. Its main priority is to grow the economy by becoming (more) productive and globally competitive. As important in the long term, business must ensure that the national, provincial and local environments in which it operates are and remain stable and conducive to the working of the free market. The alternative is social instability and pressures for more populist economic and developmental policies.

The important role of organised business is to ensure a framework for the optimal functioning of companies, including a favourable external environment. For this, well-resourced and mandated organisations(s) to speak and negotiate are

essential. Good relationships with government and labour, in which negotiation and co-operation are based on trust, are crucial.

Within this perspective, individual companies and business leaders must develop a sensitivity to the macro picture and a medium- to long-term perspective. They must, while pursuing their priorities, understand the constituency pressures of other stakeholders. Their involvement in issues "outside the boardroom or factory gate", not only via nongovernmental organisations facilitating and framework-creating organisations such as the National Business Initiative will feed into the bigger business role.

It will also build trust that the activities of business will be carried out in a manner that is ethical, responsible and beneficial to all stakeholders. This trust can be nurtured by creating dynamic partnerships founded on transparency of action and commonality of purpose. Without it, businesses are unlikely to establish a climate of acceptance within the community and will find it impossible to develop in the way of at the speed they would like.

With SA still on the road to democratic maturity and social stability, a concerted effort by all stakeholders is necessary. The country's political transition has not yet been completed, it has barely begun the socioeconomic transition. Much depends on the three players in the golden triangle. A visible renewal of their commitment to negotiation, compromise and co-operation will instil a healthy dose of optimism in the broader society.

With the release of the national growth and development strategy soon, the positions of all key sectors of the triangle will be on the table. The challenge and demand of the moment will then be for a tenacious and a pragmatic approach, to chart a way forward that will build SA into a country that works for all. Business, as a legitimate, well-resourced player, has a special responsibility in this regard.

□ Eloff is CEO of the National Business Initiative.

Labour and business wait for Manuel

(132)

By Christo Volschenk

ECONOMICS EDITOR

CT (PM) 14/6/96

96

Cape Town — Labour and business were given a sneak preview yesterday of the government's new macro-economic policy framework, Maria Ramos, the acting director-general of the finance department, said

The finance department drafted the framework after consultation with various departments, she said yesterday Trevor Manuel, the finance minister, would present it to parliament this morning

Commentators said the government might have granted the preview to dampen labour and business' reactions to the framework so as not to damage the climate for reinvestment

Government officials would not reveal details of the framework, but it was clear the new policy would be market friendly and in line with the thinking on economic policy in industrial countries

Ramos said it was the government's final economic policy document and labour would not be able to influence it any longer "It spells out the broad direction in which government wants to go"

She said it would not be tabled for debate at Nedlac "Aspects of the framework may in future be fleshed out and given greater detail in Nedlac"

The framework would provide investors and the business community with benchmarks against which to evaluate future policy decisions of the government

A spokesman for Thabo Mbeki, the deputy president, said the framework would be the government's only document on the topic. Speculation that Mbeki would publish a growth and development strategy in the future was incorrect

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YOU had confronted economists in Johannesburg in 1993 and told them economic growth last year would be 3% and it would be forecast to be more than 3,5% this year, they would have scoffed at your optimism.

Probably the same economists now claim government policies are causing "low growth".

The most critical economic problem remains inequality, which has received scant attention from the country's "macroeconomists". International evidence shows that countries with severe inequality have lower economic growth than others. It also surely contributes to crime, and thus indirectly impedes foreign investment which is deterred by the high crime rate.

In contrast to the scant attention paid to inequality, there have been numerous calls to increase "labour market flexibility" as a means of improving growth. This is usually code for reducing wages and employment protection.

The International Labour Organisation has just completed a review of the labour market in SA. This has, taken over a year and involved detailed surveys and visits to factories, mines and farms across the country. SA has a flexible labour market. In some respects, it may be too flexible.

Before considering the arguments, it is worth reminding commentators and fellow economists that if you repeat the claim that SA has an inflexible labour market often enough and stridently enough, foreign investors will come to believe you, even if there is no evidence of this. The assertions could actually damage the economic prospects of this dynamic country.

The longer-term labour policy challenge is to maintain flexibility with improved security and dynamic efficiency. Labour economists consider three types of flexibility — employment, wage and "functional" (work process) flexibility.

It is almost comical to describe SAs as having employment inflexibility. Many workers have little employment protection, retrenchments are fairly easy and widespread, notice periods are short or non-existent, and most firms can resort to temporary or casual labour and, if need be, labour contracting

Wage flexibility greater than bosses, unions care to admit

(132) BD 20/6/96
GUY STANDING

— the world's most flexible labour system and spreading like wildfire.

Wage flexibility is greater than either employers or unions may care to admit. Bonuses and other flexible forms of pay are common; industrial council agreements usually set only modest minimum wages that are below those actually paid; wages are increasingly determined at the plant level; and industrial councils cover a small and declining minority of workers, many of whom are covered only partially.

In an ILO survey of 399 manufacturing firms of all sizes, very few cited any of these factors as a problem. Those who put emphasis on the need for more "exemptions" from industrial council agreements neglect the fact that thousands of exemptions are granted by the labour department every year.

Unlike many countries, SA does not have a statutory minimum wage, which is often taken (incorrectly) as the yardstick of wage inflexibility. The Wage Board, which is meant to set minimum wages for disadvantaged sectors and groups, has been almost dormant, and the few wage orders have set minimum wages at about R400 a month, about the same as the social pension.

Is that excessive? Those calling for downward flexibility should look at their own salary cheques.

One argument made by enthusiastic economists is for lower wages for labour force entrants and youths. This is misguided. First, it already happens, and yet

the ratio of youth to adult unemployment is high by international standards. Second, if you lower any group's relative wage you induce a substitution of that group for workers from another group, either leading to little effect on total unemployment or inducing compensatory wage declines for other groups whose labour market position is weakened. If you have lower wages for youths, you may lead to a substitution of youths for women.

If you want to cut wages there are other more efficient ways of achieving that. But low wages lower efficiency because of what is called the "effort bargain".

Finally, any such differential

wage system would be complex and costly to administer.

As any good businessman could tell you, a distortion is a distortion. Smaller objections would arise with the mooted wage of employment subsidies.

Some, arguing that SA suffers from labour market inflexibility, have cited the industrial relations system. Those complaining about the LRA should be reminded that it has not yet come into effect, and is actually a voluntaristic piece of legislation designed to encourage collective bargaining, which in a democracy is quite a flexible way of conduct. The Basic Conditions of Employment Act is not really a source of problems, either.

One could argue that its leniency has been a source of excessive flexibility and inefficiency. For instance, SA has possibly the longest work weeks in the world. Our industrial survey shows that production workers work about 49 hours a week on average. For efficiency and employment, this is surely excessive, and is greater than one finds in the dynamic developing countries of Southeast Asia, where there is less flexibility about such matters. Long work weeks encourage firms to use fewer workers and discourage them from using more shifts, which would boost capital productivity and raise employment.

Working time arrangements do deserve to be negotiated with concern about efficiency and flexibility. However, there should also be con-

cern about work process flexibility generally, and this is ultimately a management issue. Labour costs are high in part because work organisation is behind the times in many places.

One source of inflexibility deserves to be tackled. Not only are income and wage inequality very high, but firms tend to pay high and unequal benefits in various forms. A major reason for high labour costs is a high ratio of non-wage to wage costs. The range of benefits paid to core employees and, to a lesser extent to core workers, is considerable and has a doubly adverse effect. It raises labour costs and reduces the incentive-performance function of the pay system. It also hits fiscal policy.

It would be a mistake to do away with social benefits. What is needed is a state policy to shift them from firms to local authorities and government or even private agencies.

Finally, in considering the flexible labour market of SA, commentators should focus more where readers might not like them to — on management quality. In the recent World Competitiveness Report, SA management did not impress.

This is probably a legacy of a relatively closed economy, although there are surely some world-class managers in this country. There is some catching up to do, and one senses that this is taking place. Meanwhile, it would be a shame if the inefficiencies and inequities were blamed on the convenient excuse of "labour market inflexibility".

In that regard, I recall talking to an employer in Newcastle. He complained for 15 minutes about labour restrictions. Eventually, I looked at him, grinned and said, "Come on, you are a good businessman. You know how to get around those sort of constraints and how to turn them to your advantage." He looked at me, hesitated and then laughed. Is complaining a South African habit?

□ Standing is a director of labour market policies in the International Labour Organisation, and has just finished the co-ordination of a review of the SA labour market, entitled *Restructuring the Labour Market: The South African SA Challenge*. This article is written in his personal capacity.



Many workers in SA have little employment protection

Labour Act may be amended

Employment, growth accord put forward

Renee Grawitzky

THE labour market commission has released imaginative proposals for a regulated but flexible labour market, achieved through a negotiated "accord for employment and growth" between labour, government and business.

This theme formed part of wide-ranging recommendations put forward in Cape Town yesterday by the presidential commission appointed last year to investigate development of a comprehensive labour market policy.

Other contentious recommendations, which would require amendments to the new Labour Relations Act, relate to the extension of bargaining council agreements to non-parties and the drafting of separate, "less onerous" schedules to take into account constraints faced by small to medium enterprises. This schedule could also be applied to trainees.

The commission has recommended that the Act be amended to give the labour minister more discretion in deciding whether to extend such agreements. In exercising such discretion, the minister would have to consider possible effects on employment.

Despite employer fears, the commission did not recommend a national minimum wage, but called for the Wage Board to set sectoral minimums where effective collective bargaining

did not exist. The board's scope should be extended to all economic sectors.

The commission cautioned that although the setting of minimums was intended to avoid extremes of exploitation, the board should be mindful of the employment implications of its recommendations. Therefore, minimum wages should be set at modest levels, and the board should monitor the impact of its rulings.

The commission examined whether the Basic Conditions of Employment Act was a significant factor retarding the improvement of productivity. It rejected any notion of an automatic causal link between the strengthening of minimum standards, increases in employment costs and jobs.

It recommended a cautious approach by parties negotiating a proposal to reduce working hours to 40 a week, warning that this should be effected slowly and incrementally. The impact on employment and productivity should also be monitored.

Commission co-chairman and labour ministry special adviser Dave Lewis said he was pleased that the commission had been able to produce a consensus report.

The proposed accord presupposed that labour and business would bring to the bargaining table issues they had

Continued on Page 2

Accord

Continued from Page 1

never negotiated before. Business could be expected to consider price restraints and investment commitments, while labour would have to consider wage moderation.

Lewis said the accord should be initiated at the highest possible level, and therefore called for a presidential jobs summit.

Business spokesman Raymond Par-

sons said business would scrutinise the report and test the recommendations against national interests.

Other aspects covered in the report to support "labour absorbing economic growth and to ensure that access to employment at all levels of the labour market is non-discriminatory" include a social plan; welfare and special employment creation measures such as public works programmes; mechanisms to address labour market discrimination and labour migration.

See Pages 4, 5 and 12

(255) (132)

Cosatu in warning of 'war' over pay curbs

(132)

By CAROL PATON ST 23/6/96

TOP officials of the Congress of South African Trade Unions have warned that asking the poor to pay for economic growth by restraining their wage demands is "like asking for war" with the nation's workers.

In the first major criticism of the government's new economic direction, the Cosatu assistant general secretary, Zwelinzima Vavi, said on Friday that wage restraint was unacceptable to workers.

The proposal was made in the macroeconomic framework announced by Deputy President Thabo Mbeki and Finance Minister Trevor Manuel last week and was backed up by the Labour Market Commission's report released this week.

"You cannot ask a worker earning R200 a week in a company where the chief executive officer earns two million a year, to exercise wage restraint. You're asking for war. Even if union leadership softens up and accepts the idea, South African workers are too politicised to accept it," Mr Vavi said.

Ebrahim Patel, the labour convener of the National Economic, Development and Labour Council (Nedlac), said "If there is a serious effort to ask people earning R200 a week not to fight for a living wage, we are in for enormous conflict. We want to send a warning signal that if you try to get the lowest paid people to pay for growth, there will be problems."

In terms of the government's economic policy, "appropriate" wage levels are a precondition to turning the rand's depreciation into a competitive advantage for industry and ensuring long-term industrial competitiveness.

Mr Vavi said that unions would not discuss pay restraint unless the high salaries of management, the wage gap between

blacks and whites, and social inequalities were also addressed.

Union leaders were also sceptical of the call this week by the Labour Market Commission for a social accord between government, business and labour on pay, prices and investment. Mr Patel said while labour would not be opposed to negotiating a series of national agreements, it had a number of issues it would want to put on the table. These included the income differential between workers and managers, large-scale public works programmes and fiscal reform to bring about redistribution.

Cosatu has also criticised a recommendation by the commission to alter the conditions under which agreements made in industrial councils can be extended to firms that are not council members.

During the negotiation of the Labour Relations Act last year, the extension of agreements was a fiercely contested issue. The final Act allowed for extension of agreements across industrial sectors if a council consisted of at least 50 percent of the particular industry. The commission recommended that the minister of labour be given the discretion to extend agreements.

"In drawing up the LRA this was hotly contested. A compromise was made and a deal signed. To try to undo that deal is like repudiating the LRA. It's like saying everyone can now do what they did before the deal was signed," Mr Vavi said. He described a recommendation to introduce a trainee wage level for new entrants into industry as "an attempt to introduce a two-tier labour system by stealth."

Mr Patel said that while trainee wages were already accepted by unions in some industries, a proposal to introduce a trainee wage at a macro level was not acceptable.

SA labour relations still a worry to some

John Dladlu

24/6/96

(148)

(152)

(132)

ALTHOUGH foreign investors have been encouraged by last year's drop in the level of strikes — the lowest since 1988 — some are concerned about the apparent deterioration in labour relations in recent months

This was said by British deputy consul-general in SA Roddy Drummond, on the topic of SA's rating as an investment destination.

Drummond said SA's unit labour costs were higher than those of its competitors in Asia and the Southern African Development Community

Britain is generally regarded as SA's top foreign direct investor, with investments estimated at £10bn, according to the embassy

Another large foreign direct investor in SA, the US, seemed less concerned with the recent squabbling between labour and business over economic policy. In fact, US media and information officer Bruce Wharton said recently. "We are impressed by the

continuing open democratic dialogue through which South Africans are shaping the future of the country

"Transparent dialogue among political parties, labour and management, government, nongovernmental organisations and all other sectors of society will chart the course SA pursues and the consensus necessary to sustain it.

"We continue to be impressed by the quality of SA's leadership and enjoy an excellent relationship with Pretoria"

Since President Nelson Mandela's inauguration, more than 300 US companies had invested in SA

Rand Afrikaans University academic Carl Noffke said at the weekend government's economic plan — which promised investors incentives such as tax holidays for new projects and accelerated depreciation of new investments in manufacturing plant — was "a beginning", but did not "put the shine back" on SA. More effort would be needed on investment incentives. But the new plan should be of interest to SA's main trading partners, he said

SOUTH AFRICA'S NATIONAL FINANCIAL DAILY

Mboweni backs jobs summit and social accord despite Cosatu's protests

By Christo Voltschenk

CAPE TOWN - Fico Mboweni, the minister of labour, has supported the latest market commission's proposal for a jobs summit as a forum for negotiations between the government, labour and business to include a social accord

This was in spite of Cosatu's opposition to the idea of a jobs summit and a social accord, because it would require labour to practise wage restraint

The labour market commission proposed last week that a jobs summit be called by the government to draw up the agenda for negotiations to lead to a social accord

between the social partners

The social accord will require each of the three social partners to make certain wage, price and incomes sacrifices in the interest of job-creating growth

On Friday, Mboweni said that a small team of experts would be appointed shortly to decide which of the labour market commission

proposals to accept

The team would be mainly from the department of labour

It would also decide on the jobs summit proposal

On Friday, Mboweni said "As far as I am concerned the jobs summit is a sound and reasonable suggestion and it is compatible with government's macro-economic pol-

icy framework. My feeling is that government should push ahead with a jobs summit"

Cosatu said on Friday that it was opposed to the idea of a jobs summit and a social accord because it would require of labour to practise wage restraint

Mboweni said some proposals in the labour market commission

report were critical

The team would handle them with urgency

"The jobs summit proposal is one of the more urgent issues"

He said Dave Lewis and Moss Ngosheng, the co-chairmen of the labour market commission, would definitely be included in the team of experts

(BR) CT 24/6/96

(122)

Sacob says Nedlac needs more power

DD 25/6/96

(132)

Tim Cohen

CAPE TOWN —The National Economic, Development and Labour Council should be given more, not less, power to take difficult decisions and should be "enriched" with more diverse representation, according to the SA Chamber of Business quarterly review of political developments.

The review, compiled by political analyst Lawrence Schlemmer, says that while government is answerable to massive constituencies with very serious needs and aspirations, the backlog of need and joblessness is growing.

Like many African states, government faced a "democratic overload", where socioeconomic problems were so intense and development at such a low level, that it was "awash with dependency".

Government possibly needed to share the burden and not take sole responsibility for the political fallout, the review said.

It said it was worth considering whether Nedlac should not be given more, not less power, to take difficult decisions. At the same time, representation on the body could be diversified so that the stark polarisation between business and labour could be defused.

Whether Nedlac was the appropriate body might be debated, but government needed more "policy

bodyguards and lightning conductors" in some shape or form.

The review noted both strong positive and negative aspects of the recently announced growth and development strategy, saying it clearly demonstrated that the Cabinet had grasped the urgency of SA's economic challenges.

Government had recognised unambiguously that development and redistribution were not possible without the growing tax base that investment and growth would bring. It had dispensed with notions of expenditure and demand-driven growth plans which "bring out a sweat of anxiety in a world which has seen so many of these well intentioned strategies end in stagflation".

But the review also noted weaknesses in the model, suggesting that the numbers it contained responded to each other without the "lag effects" which were inevitable in a real economy.

Hence, a reduction of state debt did not translate into an immediate flow of investment "In the real world, the responses to improved fundamentals take much longer".

Other weaknesses included the assumption high growth was the basis for a reduction of the deficit, weak conditions for tax holidays, and possibly unrealistic expectations about the ability of all parties to agree on a social contract.

(152) (207)
Union protests

against Oasis
CT 26/6/96

NATIONAL Education, Health and Allied Workers' Union (Nehawu) members marched to the Oasis protective workshop for the mentally handicapped in Claremont yesterday to demand the reinstatement of 11 dismissed members

Nehawu regional chairman Mr Wilfred Alcock claimed 2 000 marchers had arrived, but observers counted fewer than 300

The marchers submitted a memorandum alleging "union-bashing" by Oasis. Demands included the reinstatement of the dismissed workers and the arrest of management for alleged corruption

Oasis executive director Ms Gail Bester said the 11 were fired for "gross insubordination", and said the allegations of corruption were "devoid of truth" — Staff Writer

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AMBITIOUS SEARCH FOR AN IMPRACTICAL IDEAL (132)

FM 28/6/96

A road littered with failures

Rejecting a clear-cut deregulationist approach, the report of the labour market commission opts, instead, for regulated flexibility. To this end, a key recommendation of the 15-member commission, co-chaired by Dave Lewis and Moss Ngoasheng, is an "Accord for Employment & Growth," to be negotiated by labour, business and government, which it wants President Nelson Mandela to launch at a jobs summit this year.

While few would wish to pour cold water on such an event, many, in business as well as the unions, are sceptical about a social accord achieving what the commission — and, one suspects, Labour Minister Tito Mboweni — hopes co-ordinated wages, prices and investment as part of government's overall macro-economic plan, in which labour market reform is crucial.

An accord may raise awareness of the realities of global markets, but as commissioner Nic Segal (of JCI) warns in a qualifying comment on a hotly debated topic, the report tends to

□ "Overestimate what commitments can meaningfully be entered into by national-level business representatives, especially in respect of such items as investment and prices, which in the final analysis are commercial decisions by individual companies, and

□ "Underestimate the complexity and dynamics of a modern, internationally open economy, which can lead to an overemphasis on the possibilities of co-ordination that can be achieved through central negotiations and committee structures."

In short, the accord smacks of an attempt to interfere with, if not usurp, the market by extracting commitments on pricing, wages and investment that are for various reasons unlikely to stick. This

is hard enough with a statutory incomes policy, even harder in a society characterised by antagonistic labour relations.

While Segal's caution does not, he says, detract from the proposal to form an accord in Nedlac, it does mean that the process "must be designed bearing in mind what practically can be 'delivered' at various levels. Already, in its preliminary response, Cosatu has sniped at the idea, saying 'SA workers have an extremely negative view of a social accord

ments' to nonparties to a bargaining council.

Granted, the commission eschews as too rigid a statutory prices and incomes policy, the record on which is less than encouraging, as Britain's "social contract" proved in the early Seventies. However, it aims to achieve something similar through negotiation in democratic institutions — pre-eminently Nedlac — and points to similar, voluntary accords which have had some success in coping with structural adjustment in Ireland and Australia.

The proposed accord is intended to 'provide the means by which macro-economic policy and labour market policy may be co-ordinated. Such an accord is a crucial element of a successful growth strategy.'

Despite Nedlac's problems to date, the accord would require both the "expansion and refocusing" of the Nedlac agenda, and a "renewed commitment by (its) social partners." It would also set a framework within which complementary multiparty regional, local, sectoral and corporate initiatives could be negotiated. Accords "cannot be

imposed" but must be made self-enforcing by offering "clear incentives" to parties to participate.

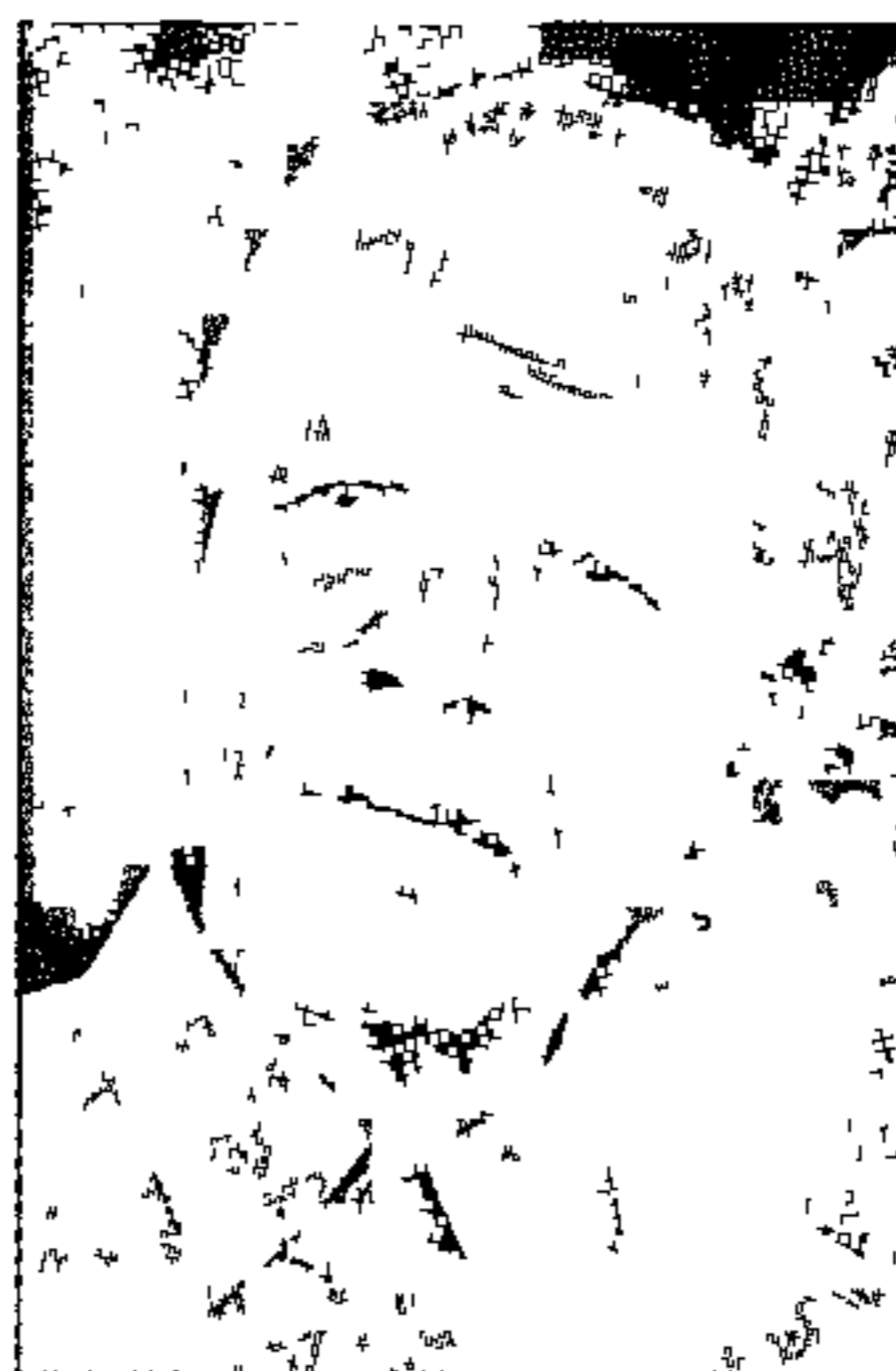
The commission says that it's under no illusion as to the difficulties of securing the required trust, co-operation and mutual compromise. It's deeply concerned at recent economic and political developments that have led to a "counterproductive hardening of the rhetorical stances of both business and labour."

Labour's biggest concern, says Cosatu's Ebrahim Patel, who describes the accord as the most significant part of the report, is "whether business representatives can carry a practical mandate on such issues as prices, investment and wages." He foresees a long road ahead.

For business, Sacob's Raymond Par-



Tito Mboweni



Nelson Mandela

in the light of the Australian experience.

It appears that the hidden intention includes asking workers for wage restraint. Above all, Cosatu will not attend a conference where it will be told not to continue the fight to close the wage gap or (other) inequalities."

The union further says that it's "studying this concept of labour market flexibility with interest. We hope it is not (what is) advocated by the SA Foundation's *Growth for All*, (though) we have reason to suspect it is something close to their concept of deregulation and a two-tier labour market system."

Cosatu has also served notice that it will resist attempts to give more discretionary power to the Labour Minister on (non) extension of bargaining agree-

Continued from page 24

National Police Commissioner George Fivaz last week, for supposedly not informing the Justice Department of the new police plan

Omar and Correctional Services Minister Sipo Mzimela should both have been briefed on the plan, not only by the police but by their own directorates. After all, the police plan is an annual undertaking stipulated in the Police Act for the Department of Safety & Security's budgetary planning. It should have been anticipated by other departments.

What's more, Justice and Correctional Services were both represented on the joint committee that sat for a year to compose the National Crime Prevention Strategy, of which the police plan is a function.

Yet neither Justice nor Correctional Services bothered to budget for implementing the Crime Prevention Strategy this year. Nor has Justice provided for the strategy in next year's draft budget.

Correctional Services has made some allowance for the crime prevention strategy in its 1997-1998 budget, but the department is already R859m in the red this year. Mzimela asked parliament last Friday for a 33% increase to keep his department afloat, but the request drew a frosty "totally unrealistic" from parliament's correctional services portfolio committee.

The police, meanwhile, are hoping to buy a R200m state-of-the-art automated fingerprint identification system that can instantly match prints nationwide. This should significantly improve fingerprint matching. The current manual process takes 14 to 18 days, causing prosecutorial bottlenecks and the often unwarranted release of dangerous suspects for lack of evidence.

Justice, with the assistance of business meanwhile, is planning to buy a national database to keep track of cases and accused. Correctional Services supposedly has a strategy but says little about it. We hear talk of something dubbed "the Butterfly Vision," which will see the erection of new prisons and installation of a computerised database by the end of the century.

But none of these projects appear to be co-ordinated. Duplication of resources is inevitable. Could prisons, for example, not benefit by linkage to the police's new fingerprint system? Could Justice's database be adapted to help the police locate stolen property? There seems to be

no willingness to find out.

In an effort to minimise bureaucratic discord, the National Crime Prevention Strategy has established a joint committee of the Ministers of Safety & Security, Justice, Correctional Services and Defence to formulate crime-fighting policy, and another committee of directors-general to implement the policy. But this is too tentative, and will not overcome the mutual suspicions and animosities that exist between the State departments.

Government must act swiftly and boldly if it hopes to cut through the red tape and inter-departmental squabbles that continue to undermine the criminal justice system.

More committee-making is not enough, there must be political as well as

the restoration of justicial fluidity in a country wracked by social discords, which harbour the threat of political instability.

A merger of the three departments is not a solution in itself. But it may be the only way to ensure joint strategic and budgetary planning and bureaucratic co-operation.

The vehicle for achieving this should be the establishment of a permanent secretariat at the highest level of the joint ministry. The kernel of such a secretariat already exists in the form of the Safety & Security secretariat which is headed by lawyer Azhar Cachalia.

This body currently enjoys director-general's status, and should be expanded into a Justice secretariat within, and at

the highest level of, the combined ministry to include the Directors-General of Justice and Correctional Services. This body should also consult closely with counterparts in related departments such as Defence and Welfare.

Linking of the police to Justice should not in any way compromise the independence of the judiciary. After all, the prosecutorial functions of the Justice Department have always been successfully separated from the judiciary.

All that would happen is that the police would be drawn into

administrative cohesion.

It is necessary to physically combine the police, justice and prisons departments into a single ministry. Each department should retain functional separation under a Deputy Minister.

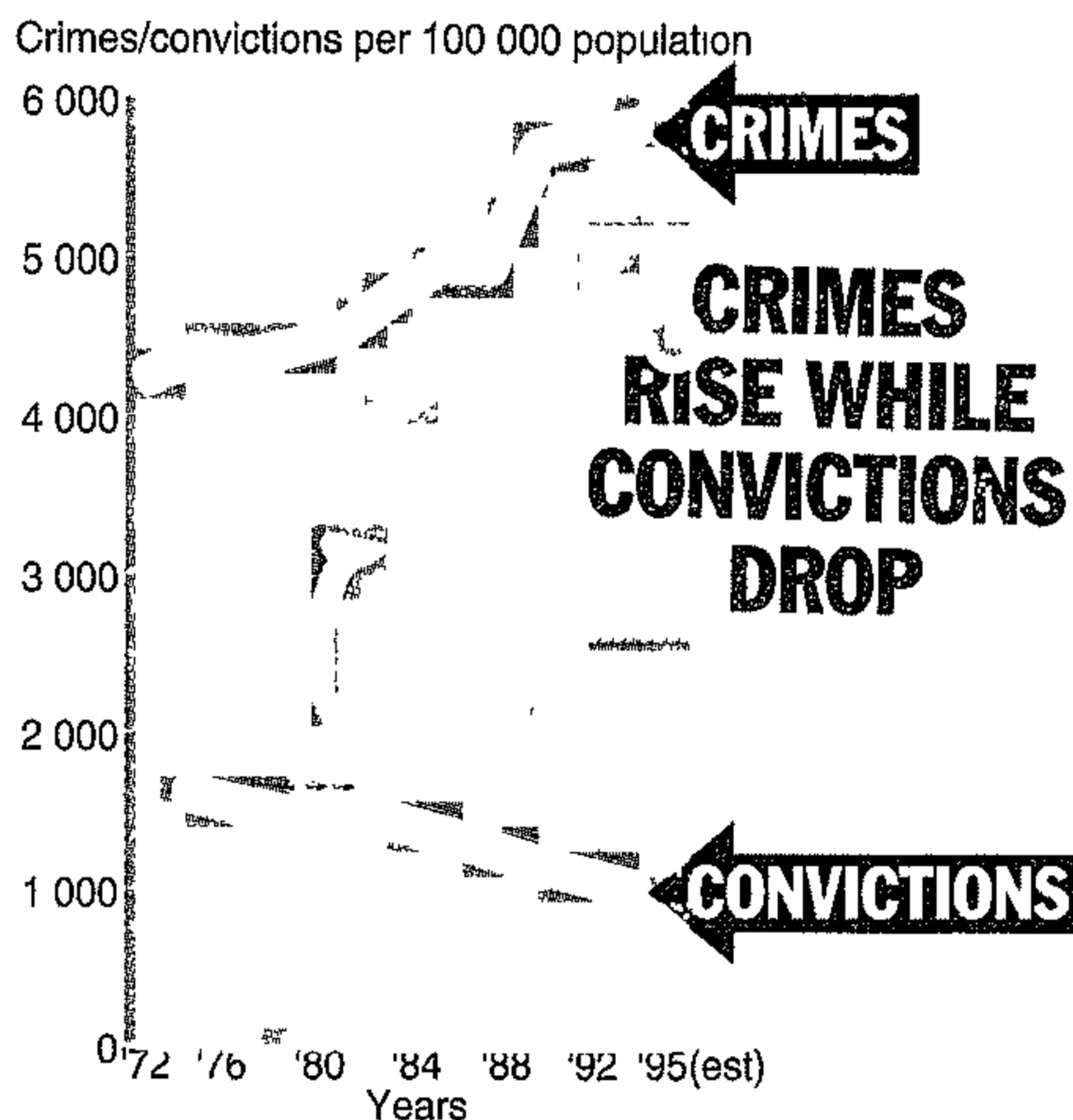
We recognise that such a step is politically sensitive in the extreme. But it might be tenable if, as a short-term interim arrangement, the three departments were placed under Ministerial control of the Presidency or Vice-Presidency.

This is no indictment of the performances of Safety & Security Minister Sydney Mufamadi, or Justice Minister Omar or Correctional Services Minister Mzimela. But rather a necessary step in

closer co-operation with the public prosecutors and Attorneys-General to enable a closer working relationship, and consequently better-prepared crime investigations.

ANC officials are slowly coming round to the need to consolidate the justice delivery system, although they still squirm away from the political dimension. A full merger of ministries.

The need to co-ordinate criminal justice is apparent to all concerned, but not yet the need for political and bureaucratic consolidation. We believe you can not have one without the other. Until government acts to achieve that end, the dissension and contradictions will continue. ■



SOURCE: LORRAINE GLANZ, HSRC, INDICATOR SA

sons agreed at the handing over of the report that Nedlac is the obvious mechanism by which to explore the idea "At this point," Parsons noted, "business is not committed to an accord but to examining whether it will be in SA's interests"

Aside from the economics, the big question is whether business and labour are sufficiently representative, and have the will, to take the idea further and make it stick. The commission has great faith in SA's "remarkable political will and capacity to forge consensus out of crisis"

Explaining why it backs a negotiated accord and not a statutory incomes policy, the commission argues "this strategy can only be successful if (the social partners) are all willing to enter into serious discussion of wages, prices and investment at national level"

If unions refuse to constrain their bargaining independence in any way "there's no point in trying to establish an accord" Likewise, "if business insists that its pricing and investment decisions cannot be constrained or guided in any way, the accord cannot go forward"

Short of statutory ceilings or quotas, how may wages, prices and investment be influenced by the accord? The rand's slide, the commission says, shows how macro-economic conditions can change without warning and underlines the value an accord could have in responding to such shocks

The Reserve Bank's call for unions to exercise wage restraint (to cushion the inflationary impact of the depreciation) is likely to fall on deaf ears "Unions may understandably wonder what is being offered in return for their forbearance"

An accord would help the desired wage outcomes "by crafting a bargain in which the size of wage increases is placed on the national bargaining agenda alongside tangible commitments around prices, tariffs, investment, training, the social wage, supply side measures to assist exporters and other matters"

Existing collective bargaining arrangements, it is argued, are insufficient to achieve those goals. Thus government involvement is necessary

If the alternative of restrictive monetary policies is applied, employment is likely to suffer, the commission argues "An accord offers a way out of this trap, one that should allow for faster real wage

gains and higher employment"

By bringing taxation and welfare spending policies to the table, government may facilitate "more complex three-way deals" Workers may, for instance, moderate wage demands in return for public commitments by government to increase spending on the social wage, public works or training. Business, it's suggested, may be willing to spend more on investment, research and development and workplace safety if government defrays part of the costs

In short, an accord would afford more flexibility and reduce the uncertainty that

specified "The following is suggested

- Large producers could pre-announce the conditions for a major investment programme and the social partners could attempt to negotiate and secure these,
- Major producers could agree to hold price increases below inflation,
- Business could commit to negotiating profit-sharing arrangements and corporate governance mechanisms,
- Moderate managerial salaries, and
- Spend more on training

Though price-setting is not advocated "in certain instances, notably publicly owned 'natural monopolies,'" the accord may include agreement on the actual price of the product or service. For the most part, however, "price restraint will rely on competitive market pressures. Hence low tariff barriers and a much strengthened competition policy are essential pillars"

Prices could also be influenced by making access to various public resources (public tenders, concessionary tax, complementary infrastructure investment) contingent on a firm's conforming to any price-related agreements reached in the accord

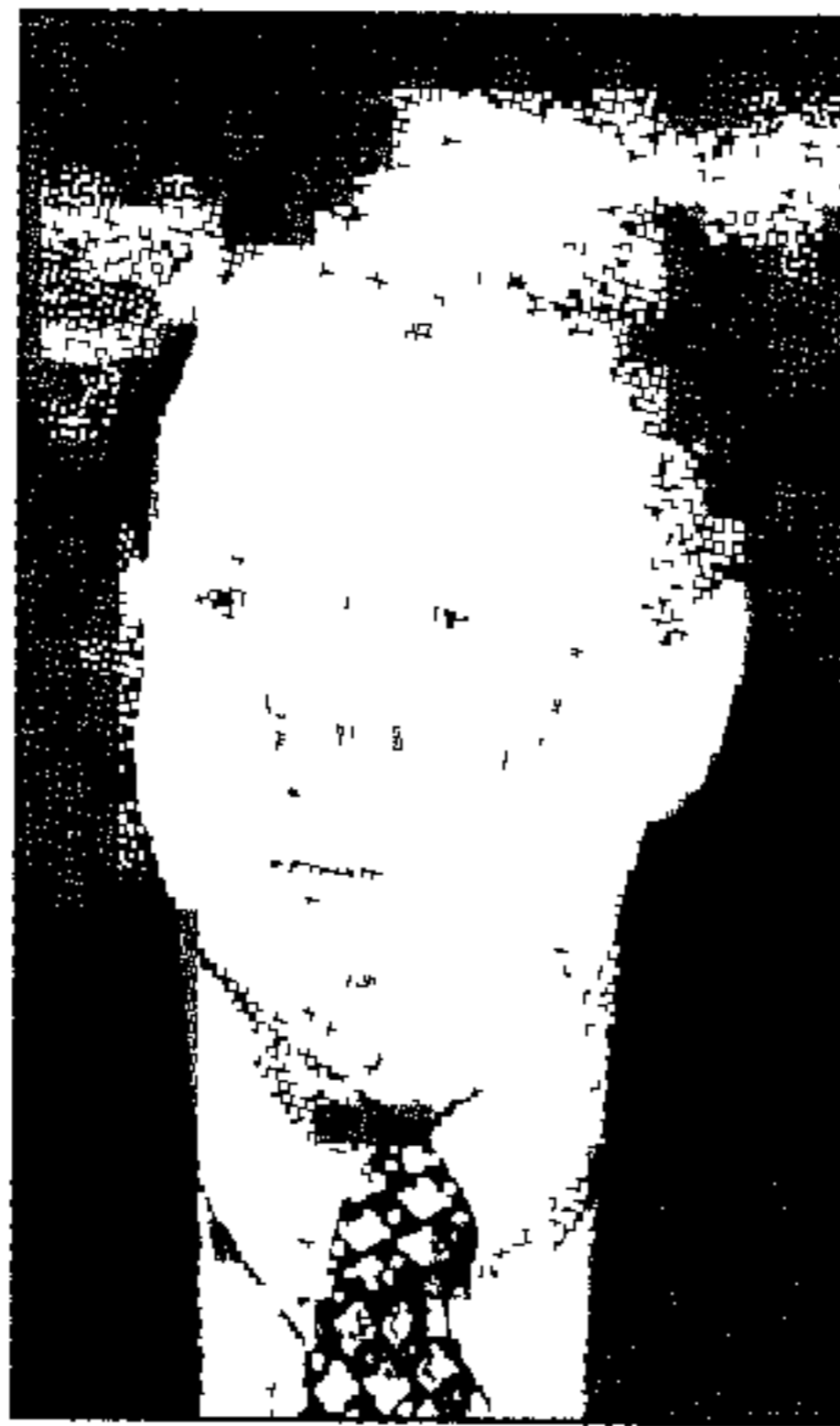
There's much in all this that nobody could disagree with, at least in principle. But however much lip service is paid to the market, the essence of any price and incomes policy, whether im-

posed or negotiated, is that prices of some goods and services (including labour) are set at levels which would not be those arrived at by the market

This can only lead to misallocation of scarce resources — as we saw when the National Party interfered with market price-setting, with results that turned out disastrous. The longer markets are prevented from fulfilling their function, the more painful the ultimate unavoidable adjustment. And the more the economy, as a whole, is impoverished

The belief that some sort of "fair" price can be imposed on a "natural monopoly" is naive. Experience abroad has shown that many are not actually "natural monopolies" anyway, and can advantageously be exposed to competition

Utopianism may be appropriate for ivory tower philosophising. But in the hard real world, it's no way to transform the labour market to meet the needs of the millions of unsatisfied job-seekers that will enter it in the next few years ■



Raymond Parsons



Ebrahim Patel

ties the hands of both labour and management around the traditional bargaining table. At the same time, government would be better placed to pursue its macro-economic policy "knowing that the odds of an inflationary response are much reduced"

In terms of the macro-economic co-ordination of wages, it's argued that the accord "could set upper and lower limits within which wage bargaining would then take place. Limits may be specified in absolute or relative terms. The distribution of the increase between job categories would remain a matter for collective bargaining"

The commission acknowledges the strong view that business's contribution cannot be determined *ex ante* but would depend on the investment that flowed from an agreement to moderate wages. It argues, however, that "labour and government cannot be expected to make concrete commitments if business's contribution is not just as clearly



Labour optimistic about social plan

John Dlodlu

PROPOSALS in the labour market policy commission report could form the basis for an agreement on labour's social plan ideas — including a business-funded pool for retrenched workers — which had been sitting for months on Nedlac's agenda, labour sources said yesterday.

Labour sources have welcomed the report's chapter on the social plan — comprehensive proposals to assist workers cope with layoffs and industrial restructuring.

Labour also liked the report's recommendations, which endorsed the idea of a legislative

ED 28/6/96
framework for the plan

The report said "It is the considered opinion of the commission that the core of legislation requiring the drawing up of social plans is already in place in the shape of the new Labour Relations Act and the Nedlac Act"

But if current legislation, beefed up by implementing the commission's suggestions, failed to meet expectations, then the proposal for a separate piece of legislation should be revisited.

A senior labour source said the chapter could be used as a basis for an agreement in Nedlac, unblocking the present impasse on the subject. A meeting would be

arranged with the authors of the chapter to provide some clarity on certain areas

Nedlac media liaison officer Lomun Saayman confirmed last night that a task team — set up within the trade and industry chamber to deal with the matter — had decided to arrange a meeting with the commission's co-chairman David Lewis to discuss the report's recommendations

When labour's proposal for a social plan was tabled at Nedlac, calling for a business-funded pool to help retrenched workers, it raised concerns from business which regarded the suggestion as a ploy for a "labour tax".

Nedlac agreements seen as sign of growing maturity

Star 29/6/96

(132)

The National Economic Development and Labour Council's executive council yesterday ratified four key agreements and agreed to follow up proposals on Nedlac's future agenda, processes and structure.

At the executive council's quarterly meeting held in Johannesburg, amendments to the Labour Relations Act and the Insolvency Act were approved, and the council gave its support for the passage of the Small Business Bill to Par-

liament, and the framework for a special clause

Proposals from the recent special leadership planning meeting, which was convened to discuss Nedlac's ongoing role and agenda, were noted and the secretariat was mandated to further develop the proposals and make specific recommendations for consideration by the management committee by the end of July.

The executive council also mandated the Labour Market

Chamber to conclude Nedlac's consideration of the Green Paper on Employment, and further mandated the chamber and a committee of principles to oversee the drafting of an employment standards bill

"The agreements tabled for approval by the executive council show that the Nedlac process is maturing and becoming more focused," executive director Jayendra Nadoo said in a statement - Sapa

Nedlac considers wage accord

ST 30/6/96

(132)



By CAROL PATON

A NATIONAL agreement on wages and prices — a proposal made by Finance Minister Trevor Manuel in the government's new economic package — was discussed this week at a high-level planning meeting of the National Economic Development and Labour Council

Last week the Congress of South African Trade Unions slated the proposal as a call for wage restraint

The executive director of Nedlac, Jayendra Naidoo, said this week's meeting had discussed the proposed agreement but business, labour and the government each had different ideas of the issues around which an accord could be built

He said the government's proposal for an agreement on wages and prices was "vague". "If government is calling for productivity-linked increases (and not wage restraint) then the proposal is not so contentious. The thing is to now define what the issues are"

Nedlac would, within three to four weeks, draw up a document identifying one or more packages around which a national agreement could be made, Mr Naidoo said

The document would address some of the other contentious issues that have hampered Nedlac, such as its need to differentiate between issues on which it must negotiate and achieve consensus and issues over which the government need only consult, like the Budget.

On Friday, Nedlac's executive council ratified a number of agreements reached in its chambers, including technical amendments to the Labour Relations Act; changes to the Insolvency Act which will give workers better protection, and approval for the passage of the Small Business Bill

● Substantial progress was made this week in Nedlac's labour market chamber in negotiations on the proposed employment standards statute. Agreement was reached on a package which balances compromises on contentious areas in the government's green paper, such as the 40-hour week, four months paid maternity leave and double pay for Sunday work

Business and labour will consult their constituencies before details of the package are made public.

ARG 21/6/96

Chemists seek recognition under new act

(132) Labour Reporter

THE South African Association of Community Pharmacies (SAACP), which has 1 800 members, wants recognition under the new Labour Relations Act (LRA) as the employer organisation for the retail pharmacy sector.

The LRA, which will be implemented on August 1, aims to promote collective bargaining in broad sectors of the economy.

The SAACP said it wanted to be recognised as a retail sector employer organisation to ensure it was not "lumped together with other members of the chemical industry".

Nedlac agrees on the social clause

John Dludlu

THE executive council of the National Economic, Development and Labour Council emerged from a closed-session meeting on Friday with an agreement on the social clause, a move which is expected to break the current impasse in trade talks with at least three nations

Friday's agreement, providing a framework for a social clause — or labour standards — was based on a compromise deal brokered by Trade and Industry Minister Alec Erwin, sources said at the weekend

In terms of the framework, SA would not force its prospective trading partners to uphold labour standards — such as a ban on child labour and all forms of discrimination and the right to collective bargaining — but would, instead, sign a "side letter", urging its partners to follow its lead in upholding basic human and labour rights, a source close to the negotiators of the deal said

This position would be pursued among SA's neighbours in both the Southern African Customs Union and the Southern African

BD 11/7/96 (132)
Development Community, as well as in multilateral platforms such as the World Trade Organisation

In its earlier proposal, the labour constituency at Nedlac suggested a hardline stance, arguing that all trade accords should have a social clause — covering, among others, a right of workers to strike and join unions

Insisting on the inclusion of the social clause could be interpreted as a protectionist ploy, rather than a genuine attempt by SA's labour movement to "protect hard won gains", another source said

A tripartite committee, comprising the task team that cobbled the deal, would perform a monitoring function, ensuring that the idea of a social clause was carried forward. It was unclear whether the committee would sit in trade talks, but sources said Erwin could allow it

"This is the only practical way of taking the matter forward, without being high-handed", one source said.

Four countries, including Cuba, Thailand and the Philippines, have refused to sign agreements with Pretoria which include a social clause

Landmark framework for workers' rights

SA trade relationships now linked to promotion of human rights

POLITICAL CORRESPONDENT

The executive council of the National Economic Development and Labour Council (Nedlac) has reached agreement on a landmark framework, which, for the first time, links South Africa's trade relationships with the promotion of human rights and, in particular, workers' rights.

Nedlac executive director Jayendra Naidoo said yesterday the Government had stalled the signing of bilateral trade agreements since taking office, pending discussions with its social partners regarding the social clause.

The agreement now enabled the Government to conclude new bilateral trade agreements.

Naidoo said that central to the Social Clause Framework was the fact that it was not a barrier to trade. Rather, it engaged SA's trading partners in a parallel dialogue which linked human rights with trade.

"This is in contrast to proposals regarding a social clause advocated by the US and France at the World Trade Organisation which are widely opposed by

developing nations as being a non-tariff barrier to trade.

"The Social Clause Framework negotiated by business, labour and government delegates at Nedlac reaffirms the principle that economic growth and development must be underpinned by a commitment to social justice, including respect for universally recognised labour standards.

"The danger is that with the liberalisation of world trade and the globalisation of the world economy, workers' rights will be downgraded to requirements below the basic acceptable levels. The principles underlying the Social Clause Framework mean that SA will campaign to improve the rights and conditions of workers worldwide through international organisations and in the course of bilateral trade talks," he said.

Naidoo added that in implementing the Social Clause Framework, SA first had to ratify the seven International Labour Organisation (ILO) conventions

which relate to labour standards.

"Two of the conventions (freedom of association and the protection of the right to organise) have already been ratified by Government, and Nedlac has recommended that three others (relating to forced labour, the abolition of forced labour and discrimination) be ratified during the 1996 parliamentary session," he said.

Country must ratify seven ILO conventions

trade union rights, collective bargaining and fair employment practices.

SA would also use its leadership and presidency of the Unctad IX conference to advance the cause of universal respect for labour standards. SA delegates to the ILO were mandated to reflect the spirit of the Social Clause Framework and lead the initiative to enforce compliance of the conventions.

Naidoo said regional initiatives to

promote the framework agreement would begin by having the issue put on the agenda of the Labour and Employment Commission of the Southern African Development Community and by utilising the Social Charter of Fundamental Rights of Workers in Southern Africa to promote workers' rights.

"SA has committed itself to harmonising labour standards in observing the core ILO conventions. This is appropriate as the Social Clause Framework is consistent with the history of the struggle for human rights in SA," Naidoo said.

It was agreed at Nedlac that political, substantive and technical difficulties involved in promoting universal respect for labour standards called for a creative and multifaceted strategy with the active involvement of the social partners in implementing the Social Clause Framework.

The agreement provides that the Nedlac secretariat will co-ordinate and facilitate the development of the strategy, based on the commitment of business, labour and government to the Social Clause Framework.

Star 4/9/96

Labour needs 'broader social base'

Renee Grawitzky

LABOUR's future depends on it becoming part of a broad-based social movement which exerts political and shopfloor pressure to improve and spread the benefits gained by members to the broader working class

This is the view argued by National Union of Mineworkers Carletonville regional co-ordinator Frans Baleni in the latest edition of the SA Labour Bulletin.

Baleni said conditions for broader communities could be improved via equitable distribution within the economy, with clear government intervention to ensure economic growth. This had to be achieved through the extension of public ownership.

Labour had to ensure, through exercising political pressure, that

government was involved in "every stage of the restructuring process"

He pointed out that unions were not political parties and to exercise political pressure, they would have to "ally themselves with a political party"

Baleni said the current alliance with the ANC and SACP should continue, but warned that in the long run it could change

"Unions must be aligned in one form or another to whichever emerges as the primary political representative of the working class"

However, this did not imply unions that should not jealously guard their independence "There are times when it will be necessary to oppose government — the struggle over privatisation is a case in point"

Labour, to move towards becoming a social movement, had to develop and adopt strategies to address broader societal problems that had emerged as a result of apartheid, rather than pursuing narrow sectional interests

This view was based on the belief that if unionists pursued narrow sectoral interests only, this could lead to the alienation of other deprived groups in society, "not organised and who do not have the collective strength of workers"

Such an approach should, he said, be pursued by labour in order to prevent a split between urban and rural communities, where rural communities became alienated from their urban counterparts

They might then "ally themselves with anti-trade union elements" — as had occurred in Tanzania during the 1960s

'No fair deal for the bosses

(132)
Sowetan 9/7/96

IF THE proposed final Constitution is to be certified the principle of individual rights to fair labour practices has to be entrenched, the Constitutional Court heard yesterday.

Counsel for Business SA Mr Malcolm Wallis, SC, told the court the proposed final Constitution could not be certified because it did not allow individual employers the right to collective bargaining.

The right to strike enabled workers to exercise economic power in support of their bargaining position, he said. Employers, however, had no similar right.

Rights on both sides

Wallis said the debate was not an argument of "strike versus lockout" but involved an analysis of whether collective bargaining included both the right to strike and the right to lock workers out.

Counsel for the Congress of SA Trade Unions Martin Brassey argued earlier in the day that the proposed final Constitution did not provide the individual employer's right to collective bargaining. He said the constitutional principles gave sanction only to bargaining through association.

Brassey was debating the point of whether or not the constitution complied with the principles of the interim constitution.

The principles protecting employees and employers' rights to collective bargaining gave sanction only to bargaining through associations, Brassey told the court - *Sapa*

Snags block efforts on wage agreement

(132)
Greta Steyn

BD 9/7/96

EFFORTS to achieve an agreement between labour, business and government on wages and prices have hit snags with the cancellation of an important workshop later this month

The workshop, which had been organised by the Centre for Policy Studies, was to have had a relatively open agenda. It followed the call in government's macroeconomic strategy for a social agreement to prevent the rand's depreciation from translating into an inflationary spiral of wage and price increases. The Labour Market Commission also recommended an agreement between business, labour and government.

The centre's director, Steven Friedman, confirmed the workshop had been postponed because one of the key participants had felt the timing was wrong. A source said the unions had decided against taking part in the workshop because Cosatu was concentrating on executive committee meetings.

The workshop had the full support of the National Economic, Development and Labour Council (Nedlac). Nedlac held a planning meeting at the end of last month on its future in which the negotiating partners were given a brief opportunity to air their views on the accord.

Labour has expressed opposition to the agreement as it suspects the real target is union members' wages. Business has also reacted unenthusiastically, as it is reluctant to give commitments on issues which should be individual business decisions.

ANC anxious over the Constitution

(132) M+G 12-18/7/96

The prospect of renegotiating the Constitution gives the ANC the jitters, reports
Marion Edmunds

THE African National Congress's Constitution-makers are increasingly jittery that opposition parties will want to unravel large chunks of the Constitution, should it fail certification, and be thrown back at the Constitutional Assembly (CA) by the Constitutional Court

The ANC's concerns have been fuelled by the realisation that, technically, the entire Constitution would be open to review if referred back for amendments on the grounds that clauses did not comply with the 34 constitutional principles

The ANC also knows that the political landscape has changed radically since the Constitution was passed by the CA in May. Of particular interest to the ANC are the movements of its chief oppositions: the Inkatha Freedom Party and the National Party. The latter, which left the Government of National Unity as the Constitution was adopted, has more muscle to flex to prove its points as chief of the opposition

NP secretary general Roelf Meyer, however, is taking a supportive line. "I don't think that our position on the Constitution would really change, although technically speaking the Constitution could be re-opened. We would analyse the approach of the judge and concentrate on that. I don't think it would be responsible to open up the whole thing again."

But it is the Nat back-benchers, not Meyer, that the ANC is worrying about. Sources say the more conservative element of the NP, which has been pushing to define the NP in opposition, will see a second chance of negotiating the Constitution as an opportunity for a public brawl on political principles, and possibly a stand-off. Their support for the passing of the Constitution was lack-lustre in the first place, and the prospects of watching Meyer co-operate with the ANC a second time could raise the temperature within the party higher than ever before.

The Freedom Front's Corne Mulder thinks the NP would try to get extra mileage out of such a referral.

"They are desperate to demonstrate their strength as an opposition party

Business attacks labour clauses

Mungo Sogot

ANTIDOTES to untrammelled African National Congress power over the next few decades, the balance of power between labour and business, and why the Transvaal Agricultural Union should back the landless, were some of the puzzles explored this week in the Constitutional Court.

Business South Africa (BSA) kicked off the second week of the court's hearings on the certification of the Constitution by attacking the final text's labour clauses.

Although its list of complaints was topped by the politically catchy issue of the lockout clause, its counsel, Malcolm Wallis, concentrated on complaints which offered better ammunition against the final text.

The legal battle focused on the text's failure to give individual employers the right to benefit from collective bargaining without joining an employer's organisation. The Constitution also says workers can only bargain collectively if they join a union.

Wallis argued that in the real world workers could only bargain collectively through a union, whereas it was often inappropriate for companies to join employer groups.

Deputy Constitutional Court presi-

dent Ismail Mahomed said this restriction on employers appeared "more intimidating in form than in substance".

Cosatu joined the Constitutional Assembly (CA) in defending the attack and, in a press statement, accused BSA of using the certification process to take a "second bite of the cherry" after failing in the CA. "It is hoping to misuse the certification process for political ends."

The lockout clause debate focused on the fact that the final text guarantees labour the right to strike, but does not guarantee employers the right to lock out strikers. Business argues this strips it of a crucial economic weapon against strikers.

Cosatu's counsel Martin Brassey said the right to lockout was not as central to the armoury of the employer as the right to strike was to the worker.

But the crux of his rebuttal was the historic imbalance between labour and business in apartheid South Africa. "[The inclusion of a right to strike and exclusion of a right to lockout] is by no means anomalous because of the disparity of economic power between labour and business."

Cosatu scoffed at BSA's other attack on the final text — the clause which immunised the Labour Relations Act from constitutional scrutiny, apparently undermining the Constitution's

status as supreme law of the land. Cosatu said it was ironic that business was complaining as it was business itself which had insisted on the clause to protect the lockout provisions of the Act from constitutional challenge.

Before the debate began, the court heard the tail-end of a fight over how easy the Constitution should make it for Parliament to sack the auditor general and the public protector. It was argued the final Constitution's provisions for how Parliament could sack the auditor general and public protector undermined their crucial watchdog roles. The new text says they can be fired with a simple majority.

The hearing of the Democratic Party's attack on the relevant clauses continued over into Monday when CA advocate George Bizos said the provisions were there in case the officials had to be dismissed.

On Tuesday, during the Transvaal Agricultural Union and the Free Market Foundation's (FMF) attack on the property clause, CA advocate Wim Trengove said it was surprising, but pleasant, that the organisations were arguing in favour of the landless. The FMF criticised the text's failure to guarantee the right to property and its inclusion of a guarantee to compensate for expropriated land.

any decision on a return has taken place, saying it would be discussed at the end of the month by the IFP central council.

However, he ruled out any possibility of a negotiated alliance with the NP, if it did happen. "The IFP makes its own decision. We will not run after [FW] De Klerk — anything he does will not be anything more than posturing."

ANC MP's say, off the record, that a return to the CA by the IFP was a possibility in the light of recent talks with Inkatha over co-operation in KwaZulu-Natal. While denying that the Constitution was on that agenda, they said that it was something that could flow from discussions.

Meanwhile, ANC MP Pravin Gordhan says there is a "gentleperson's" agreement that negotiators would not tamper unnecessarily with the Constitution should it be referred and that only those aspects not complying with the process will be looked at.

What makes the ANC even more anxious is that it is unlikely that the Constitutional Char Cyril Ramaphosa would be available to steer the process through to its final version, because of business commitments. There is nobody in the ANC with the experience or authority to replace him.

Many of the constitutional administrative staff have organised new jobs and will not be available to see the process through to its conclusion, should it be extended.

The DP's veteran negotiator Colin Eghn agrees with Gordhan and Meyer that it would be unlikely that senior politicians would want to unravel all the knots tied during the late hours and long months of negotiations. However, he does not think the Constitution will be passed first time round.

"We produced a Constitution of 241 clauses, and we did not have a bunch of high-powered lawyers testing the clauses as we went along to see whether they would conform with the 34 principles. If, as a result of our effort, every single one of those clauses complied with the principles we would be super-people. I'd be very surprised if we hit our jackpot," he said.

There is a ripple effect on other agreements, the renegotiation will be more difficult," he acknowledged.

Part of the problem is that nobody is quite sure exactly how the Constitutional Court would refer back the Constitution, and what its instructions would be. The process would have to be managed politically to prevent the delicately stitched Constitution from falling apart at the seams.

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Cyril Ramaphosa: Available or not to steer the Constitution through its final version? PHOTO: RODGER BOSCH

'There is a gentleperson's agreement that negotiators would not tamper unnecessarily with the Constitution'

Dual market in SA denied

BD 12/7/96
Renee Grawitzky

LABOUR Minister Tito Mboweni last night rejected the view that a dual labour market existed in SA. (132) #66

Speaking at the ninth annual labour and law conference in Durban, he said "the fact that some workers are covered by industrial council agreements and other workers not should not lead one to believe that a dual labour market exists".

Mboweni said labour market flexibility was becoming a nightmare for him. The recent labour market commission report was being studied by the ministry.

The two overriding objectives of the commission were to look into the elimination of poverty and discrimination in the labour market.

Poverty would be tackled by the creation of more and better jobs as part of the restructuring process. However, "this notion that we should create a second-tier labour market as a way of getting people out of poverty is a naive notion," he said.



Nedlac executive director Jayendra Naidoo delivers the keynote address at the annual SA Commercial, Catering and Allied Workers' Union congress which began in Johannesburg yesterday. Picture GARTHLUMLEY

'Plan needed to transform society'

Renee Grawitzky

NEDLAC executive director Jayendra Naidoo told delegates to the SA Commercial Catering and Allied Workers' Union's fifth national congress yesterday that transformation of society could succeed only in the context of a national co-ordinated plan.

Naidoo said that having been party to electing the current government "we bear a responsibility for its success".

This posed challenges for labour in reviewing its role and moving from a mode of opposition to a mode of co-operation and even partnership with government.

In this context, he made reference to the labour market commission's recommendation for an ac-

cord on employment and growth, linked to wages, investments, prices and government expenditure. This could provide important possibilities for advancing workers' interests.

Setena Khaile, in his presidential address, said the new role of trade unions was fraught with obstacles and there was "a great potential that it could dilute the very basic fundamentals of trade union formations".

Khaile addressed labour's response to the restructuring of state assets and said "to date our involvement is shaped by the desire to safeguard jobs for our members, not by an informed long-term strategy on how we want to manage the question of the state asset restructuring".

BD 12/7/96 (132)

Thorny issues face ANC-Cosatu alliance

(132) Africa 12/7/96



WILLIAM-MERVIN GUMEDE examines the Government's energetic pursuit of a privatisation policy - its tactics and the challenges it faces at home and abroad. He concludes that considering the economic problems inherited from the apartheid era, there has been reasonable progress in making SA a marketable country

President Nelson Mandela, in his visit to Britain this week, made sure he spoke the language that international investors want to hear about progress with privatisation.

Mandela was up to the task. He pointed out the South African Government fully realised that public corporations under its command had to be restructured.

In his keynote address to delegates at a top-level conference on investment in South Africa, he said firm decisions had to be taken to privatise some sectors, to acquire strategic equity partners for others and to redefine the role of the remainder.

Mandela assured the Britons he had grasped the nettle of privatisation and had embarked on a programme to sell off some of the R17-billion worth of

assets tied up in the state sector. *Cosatu is adapting to starting with the idea of privatisation, but pressure from members' radio stations and gas utilities could change that*

"As I speak

the Minister of Posts and Telecommunications (Jay Naidoo) is touring a number of countries, accompanied by trade unionists and the management of our telecommunications company, to study the experience of other countries and to acquire a strategic partner for this industry. We aim to complete this process by the end of the year," he said.

Next in line for restructuring, he said, were the airlines and general transport industries.

"We are determined to handle all these initiatives with the same expediency as we have attended to the decision to sell some of our radio stations and utilities, such as in the gas industry," he said.

"And we are confident that, from Britain, there is a lot that we will learn

Chancellor of the Exchequer Kenneth Clarke was so impressed he even pledged to place Britain's expertise in privatisation at the disposal of South Africa.

To ram home the fact that the Government meant business, Mandela took a delegation of more than 100 industrialists with him - the biggest to leave South Africa to date.

The Government has certainly come a long way since it took power. The ANC inherited an economy distorted by the social engineering of the apartheid era.

The new Government started off with a somewhat starry-eyed view of the state's spending power, but apartheid left the new regime with massive unemployment, a highly uncompetitive and sheltered manufacturing sector, a heavy state debt and low foreign and gold reserves.

It has been given the space and time to find its feet, both by the expectations of its electorate and by international investment opinion.

Two years on, it has somehow managed to find a footing, albeit uncertain.

Inflation is at a 20-year low and the manufacturing industry buoyant, but to achieve its social goals and job-creation targets, South Africa needs to double its growth rate to 6% by the end of the decade.

The Government has announced bold steps to make it possible.

Its macro-economic strategy preached wage moderation to a workforce long starved of basic amenities.

It is eager to lower tariff barriers, is slowly dismantling exchange controls and is introducing tax concessions for investments which create jobs.

This new turn has outraged the ANC's trade union allies. Anti-privatisation marches and strikes by unions have been a regular



SALES PITCH: Mandela is portraying SA as a land of investment opportunity. Here he shares the podium with British PM John Major

PHOTOGRAPH AP

occurrence in recent weeks.

The ultimate aim of the marchers to send a warning to the Congress of SA Trade Union (Cosatu) leadership not to succumb to international opinion, but to come up with a tough stance on privatisation.

Last week, members of the National Union of Metalworkers of SA (Numsa) marched to the Gauteng legislature and Eskom head office in Johannesburg demanding that the electricity supplier must not be privatised.

Numsa's Joseph Pepu insisted Eskom be given a permanent monop-

oly to generate and distribute electricity.

Only a week before, the Transport and General Workers' Union (TGWU) and the SA Municipal Workers' Union (Samwu) took to the streets to voice their opposition to privatisation.

Transport minister Mac Maharaj made no headway when he tried to persuade TGWU to abandon the strike and rather go for talks at the National Economic Development and Labour Council.

The union's deputy general secretary, Harold Harvey, said Maharaj

refused to agree to "public ownership of passenger services".

Samwu spokesman Weizman Hanlon said the strike and marches reflected a growing working-class opposition to the restructuring.

He made a plea to Cosatu not to yield to pressure that it should support privatisation.

The newly formed Communication Workers' Union - with its support base in telecommunications industry - also minced no words in its opposition.

The union leadership said contrary to the perception created in the

media, it had not been "cowed to accept the notion of privatisation".

The CWU general secretary Selboho Kulu said no agreement had been reached with government and Telkom on privatisation.

He said the union had only agreed to take part in the round-the-world trip with Jay Naidoo on the basis of a fact-finding mission. It was not intended to find or approve a strategic equity partner.

Naidoo and senior Telkom executives are trotting around the globe to sound out potential partners, including Deutsche Telekom, US-based

AT & T France Telecom and British Telecom.

This week, Naidoo said the telecommunications market in South Africa would be opened up in four to six years' time.

Government wants to sell 20% to 30% of Telkom, worth up to R10 billion Telkom - which the Government loves to show off as a good buy - has so far made a concerted effort to transform itself from a battered old tanker into a more streamlined modern vessel.

It increased its turnover by R2-billion to R13-billion and its operating profit by 15% to some R3-billion. However, the parastatal still has a huge debt burden of about R8-billion.

Labour Minister Tito Mboveni, at the fifth national congress of the SA Commercial, Catering and Allied Workers' Union this week, chided the unions for criticising the government's privatisation drive.

Cosatu's initial response to all this talk of privatisation and the government's macro-economic policy was mild.

But this measured response could still change if Cosatu's member unions succeed with their latest breast-beatings to push leadership to take a much more hostile line.

This week, the restructuring of state assets, the labour market commission report and the Government's macro-economic policy was the main

Mandela and his entourage are driving home the message that SA is determined to sell off state assets

focus of a special Cosatu executive meeting.

Cosatu general secretary Sam Shilowa said the gathering would make proposals, sector by sector, on restructuring state assets.

But, the first signs that the Cosatu executive might ignore its members' demands and accede to international investment opinion - as the new Government has - and emerge with a much softer line on privatisation are evident.

Shilowa indicated last week there was some disagreement with the government's privatisation policy, but some "areas come close to giving expression to some of our positions as labour".

Labour's challenge was how to take its position "further for workers".

Unions set for hard look at strategy, alliances

Labour Reporter

THE Congress of SA Trade Unions (Cosatu) has appointed a 12-member commission to investigate its future strategy in the light of post-apartheid challenges.

A key question which the September Commission will probe is what political role trade unions

should play, entailing fresh scrutiny of the federation's alliance with the African National Congress and the SA Communist Party.

Also under the spotlight will be internal organisational issues such as trade union structures, staffing levels and competence, services and benefits which unions offer members, and unity

with other federations.

And, it will look at adopting coherent long-term approaches to the changing economic environment - focusing on remuneration, economic globalisation and competitiveness and labour market policy.

The commission, chaired by Cosatu vice president Connie September, includes Cosatu gen-

eral secretary Sam Shilowa, National Union of Mineworkers' president James Motlatsi, National Union of Metalworkers' general secretary Enoch Godongwana, and former trade unionists ANC MP Phillip Dexter and Deputy Minister of Mineral and Energy Affairs Susan Shabangu. Its report is due in March 1997.

132 ARG 15/7/96

Naidoo spells it out for Cosatu: Partnership

(132) ARG 15/7/96
Nation-wide accord 'crucial'

ESTELLE RANDALL
 Labour Reporter

THE Congress of SA Trade Unions' commission on strategy will enable unionists to step back from the hurly-burly of daily work and take a long view of how best to reposition themselves, commissioners argue

While this could prove useful, pressure is mounting to fast-track this repositioning and for labour to enter into a partnership with the government

Speaking at a trade union congress this week, National Economic Development and Labour Council (Nedlac) executive director Jay Naidoo warned there was no alternative to such co-operation and, given the pace of transformation, little possibility of delaying matters

Mr Naidoo said increasing international trade, technological advances and changes to the world of work made it crucial to seek a national "understanding" between the unions, the government and employers on strategies to promote the interests of all South Africans

The Comprehensive Labour Market Commission's recommendation for an accord which co-ordinated wage outcomes with investment, prices and government expenditure offered important possibilities for advancing worker interests, he said

Mr Naidoo noted that since World War 2, international trade had grown at six percent a year, resulting in an increasing integration of economies, including South Africa's. For trade unions, this raised the question of the relationship between trade and labour standards

The growth of international trade had spawned multinational companies. Their increase required greater consolidation of trade unions at an international level if the rights and conditions of workers were to be advanced

Rapid movement of capital between national borders, through the growth of information technology, created pressures on governments to keep a close watch on debt, to hold down inflation and to attract capital

Development of regional economic blocs such as the European Union and the Asia Pacific Economic Co-operation further shifted decision-making to international levels

Piecemeal responses would produce marginal results, Mr Naidoo said. That was why it was important to seek a national level understanding between unions, the government and employers on the strategies to promote the best interests of South African workers and citizens

Nedlac, created at the initiative of the labour movement, is the statutory expression of this co-determination. Its constitution allows labour, government, business and community organisations to agree on a common approach while retaining their independence

In August, the new Labour Relations Act will extend "co-determination" to the workplace

New labour laws and government policy - underpinned by regulated flexibility and co-determination in a union-friendly context - open "spaces

of influence" for unions, Mr Naidoo said. But they also pose enormous challenges

Labour laws and government require a labour movement which is economically responsible and capable of disciplined industry and plant-level bargaining within agreed parameters. And, they presuppose a labour movement that will become increasingly stronger on the shop floor and as a partner in the sophisticated negotiations upon which co-determination depends

It is not obvious that this is happening in Cosatu

On the shopfloor, casual and part-time work is becoming increasingly common and professional and white collar employees are showing a greater inclination to unionise

Cosatu remains the largest federation with its three million members, but overall membership growth has declined by about six percent during the past two years

And while a Cosatu affiliate is often the dominant union in several important sectors of the economy, in some areas which are becoming more important, such as the public sector, other unions are serious rivals

Recruiting, servicing and sustaining new sources of union membership would need different techniques from those used thus far to build up the

union movement

But, the unions themselves are losing seasoned staff to government or to the private sector. In 1994 Cosatu employed about 1 450 people, noted Jeremy Baskin, director of the National Labour Economic Development Institute (Naledi)

About 80 had left during 1994 and their replacements had often been younger and less experienced, and the trend continued in 1995, Mr Baskin said.

He noted that these losses in staff had not been confined

to top leadership. On the shopfloor, as racial barriers fell, shop stewards increasingly were promoted to supervisory and management positions. Many worker leaders and officials also stood for election in

local government, new positions which would place severe pressure on their ability to remain active unionists

Nedlac and emerging local, regional and sectoral forums give unions space to influence a broad range of state policy. But there appears to be ambivalence about how to use the space effectively

Some unions, such as the SA Clothing and Textile Workers' Union (Sactwu), see co-determination as a way of giving labour a joint say over economic policy at national, sectoral and company levels. Others, such as the SA Municipal Workers' Union (Samwu), appear less enthusiastic

QUOTE

New labour laws open 'spaces of influence' for trade unions

Jay Naidoo
 Nedlac executive director

Mboweni urges unions to change tack and work with government

(132)

Star 16/7/96

The Labour Minister has called on labour to stop criticising the state and take a more supportive role than it did in the past

By Goba Ndhlovu

Labour Minister Tito Mboweni and Jayendra Naidoo, executive director of the National Economic and Labour Council (Nedlac), have called on unions to stop criticising government policies and to be more supportive instead.

They were speaking at the fifth congress of the SA Commercial Catering and Allied Workers Union (Saccawu) in Johannesburg at the weekend.

Mboweni was direct in his approach, telling the unions at the congress that they should stop criticising government policies, and should rather lend their support to achieving the goals of the Reconstruction and Development Programme (RDP).

With regard to privatisation, Mboweni said privatising state-owned enterprises such as Telkom and SAA was unavoidable. The importance of privatising lay in enabling South Africa to compete internationally, he said.

Naidoo, a one-time member of Saccawu, said trade unions and citizens at large bore a responsibility for the success of the Government and the policies it sought to implement.

He added: "For the unions, this poses the challenge of reviewing the role which unions have played and of moving away from a mode of opposition to a mode of co-operation and even partnership with Government." He cautioned, however, that this posed a problem for both unions and the Government.

Referring to the secretarial report of the union, Naidoo said "In the report to this Congress, your secretariat points to the options of 'sitting back and attacking everything that we do not agree with or taking a more proactive stance on economic and political ques-

tions'. There is no doubt that a reactive approach will result in the worst possible results for Saccawu members."

The proactive approach, he said, needed a sophisticated engagement with Government and business in policy dialogue.

As if echoing Mboweni, Naidoo stressed the importance of international trade. He said the country's re-entry into the international community had brought South Africa "face to face with the spectre of globalisation".

Turning to the rapid development of information technology, Naidoo said this had made distance irrelevant. This speed of technological development had the potential to create new jobs and destroy old ones.

Unions should not become modern Luddites, who, during the Industrial Revolution, had smashed machinery in "a feeble and unsuccessful attempt to halt industrial development".

Naidoo saw the use of cellular telephones by union officials as an indication that trying to halt globalisation or technological development was futile.

Mboweni said the fact that prominent South African leaders were not travelling with SAA and were not using cellular telephones from Telkom showed that something had to be done to develop those enterprises.

Naidoo said that for the Nedlac process to deliver on behalf of trade unions, would require a massive commitment from them, both at the level of representation in the Council structures as well as in international communication and capacity building.

He then indicated that there was a limit to the financial resources in the Nedlac capacity fund which were available for unions.

Saccawu and other unions should see Nedlac as an integral part of the work of unions, he added.

Challenge to move away from a mode of opposition

'Business concerns are unreasonable'

By Kevin O'Grady

HOPEs for greater investment in the wake of the release of government's economic policy were foundering as business tempered its delight with unreasonable concerns about SA's economic future, according to Cosatu general secretary Sam Shilowa.

Suddenly the wheels are coming off, Shilowa said at an International Labour Organisation conference in Johannesburg yesterday.

He accused business of welcoming the policy "in the hope that labour is going to come out and reject it... They want to position themselves as the good guys, unlike the bad guys in the labour movement."

Cosatu, the National Council of Trade Unions and the Federation of SA Labour Unions were still discussing the recently released macroeconomic framework and had yet to take a position on it, Shilowa said.

Now (business) people are saying we are happy to invest but we want more details. Then they're saying the country will go up in flames when Deputy President Thabo Mbeki takes over, but he is only going to come in 1999, he said.

There were also renewed demands from potential investors for labour assurances against strikes.

"I can't say that (we won't strike) and I can't say we are going to go on strike willy-nilly," Shilowa said. "We need to find ways of managing conflict but I can't say to workers this (no-

strike policy) is your fate and you must accept it," he said.

He also criticised people who claimed the rand's fall was the result of a Cosatu-organised strike on April 31. "I wonder which strike is being organised now?" he asked.

On workers' rights and working conditions in export processing zones, the subject of yesterday's conference, Shilowa said exports should not be promoted at the expense of domestic demand or vice-versa.

Unions also had to avoid taking the position that "EPZs are here, we've got to accept them" or, conversely, that "it will never happen in our lifetime."

They needed to ensure that "the drive for exports is not done in such a way that it undermines the tax base. Then the money has to come from somewhere and it won't come from companies in these... areas, it will come from the working class and the poor via taxes", Shilowa said.

Labour department director-general Siphiso Pityana said SA was not new to the issues being discussed at the conference. These were "manifested in the manner in which the recalcitrant apartheid regime co-operated with multinational corporations that defied the ban on investing in... SA", he said.

Efforts to provide cheap African labour rendered the entire country an EPZ "from the point of view of the majority who were merely exploited as cheap labour".

See Page 14

Evander Gold Mines, which could pay a 28% tax on its income, could be a major player in the gold mining industry.

The Gencor-owned group, which has a 50% stake in the Winkelhaak mine, is expected to be a major player in the coal mining industry.



Cosatu general secretary Sam Shilowa, right, addresses an International Labour Organisation workshop in Johannesburg yesterday, watched by Bill Brett, chairman of the ILO workers' group.

Picture ROBERT BOTHA

Pay shock for state doctors

AN ADMINISTRATIVE blunder by the public service and administration department would result in many state doctors taking home less money this month than ever before the Medical

Omar to meet prosecutors today

Deborah Fine

THE Society of State Advocates and the Prosecutors' Association of SA are to meet Justice Minister Dullah Omar today to discuss their salary demands. The meeting follows Omar's offering to discuss their salary demands.

THE meeting follows Omar's offering to discuss their salary demands.

Union vows to fight for retention of Nedlac

(132) MD 17/7/96

Renee Grawitzky

THE 134 626-strong SA Commercial Catering and Allied Workers' Union resolved at its weekend congress to strengthen the National Economic, Development and Labour Council (Nedlac), at a time when its structure could be under attack from government

The union's re-elected general secretary, Bones Skulu, said yesterday that in view of the recent sentiments expressed from some government quarters on the role of Nedlac, delegates resolved to protect Nedlac at all costs, especially as we do not have direct representation in government

Nedlac was a forum where "our voice can be heard", he said

Skulu said that government had recently criticised the Nedlac Act as it required it to "table before Nedlac all proposed pieces of legislation and proposed policies that have a direct or indirect impact on the socio-economic environment in the country" This, government argued, interfered with the sovereignty of Parliament

Skulu said government had indicated that it would be revisiting the Nedlac Act "with a view to release government from the stranglehold of Nedlac"

Other resolutions adopted at the congress dealt with the establishment of a union investment company, the rejection of privatisation and the intensification of the

campaign for centralised bargaining in the retail sector.

The union was set to join the ranks of an increasing number of unions — such as the National Union of Mineworkers and the SA Clothing and Textile Workers' Union — who have opted for the establishment of union linked investment companies.

Skulu said that this decision was motivated by the union's desire to become self-sufficient

In his secretariat report he said the union's national office bearers and executive committee should be mandated to "engage in this venture provided that they employ the services of prudent investment funders".

The union rejected wholesale privatisation, with the view being adopted that certain services which served the public should be nationalised.

Centralised bargaining in the retail industry would be pursued more vigorously, Skulu said.

Employers would be requested to respond positively on this issue by August and those failing to do so could face industrial action, he said.

The union resolved that by next year all company level wage negotiations would be suspended

Office bearers, who had been "acting" in respective positions were all elected permanently to their positions

R2,5-m US

grant for

Nedlac (132)

AR 4-18/7/96

ESTELLE RANDALL

Labour Reporter

ABOUT 2 000 trade union officials and members are expected to get training on the new Labour Relations Act as a result of a R2,5 million grant from America to the National Economic Development and Labour Council (Nedlac)

The grant from the African-American Labour Centre will be used by the three trade union federations who take part in Nedlac

They are the Congress of SA Trade Unions (Cosatu), the National Council of Trade Unions (Nactu) and the Federation of Labour Unions of SA (Fedsal)

Nedlac will act as a facilitator for the flow of the funds to unions which are part of the three federations

The unions will be expected to develop their own training courses and materials and to submit business plans to Nedlac to qualify for the funding

To date, 312 people from Cosatu, 276 from Nactu and 344 from Fedsal have been involved in workshops and seminars on the Labour Relations Act (LRA) which was passed last year. The act, which comes into operation next month, was hailed as a landmark piece of legislation for workers' rights when it was passed by parliament last year, but much needs to be done to educate workers about its contents

INSIDE LABOUR

Playing footsie

(132) (BR) ET 19/9/96

Terry Bell

As South Africa's industrial relations gradually grope their way towards a new and more collaborative future or are negotiation strategies merely becoming more sophisticated, complicated and convoluted? These are questions which beg to be answered in the wake of much-rattling of cutting shears in the clothing business.

The belligerence from the union offices has been matched by tough talking from the boardrooms. The ensuing media din ensured that even potential investors in Europe were aware of the threatened tumult in the local rag trade. So said Bernard Richards, the head of the national clothing federation, when he returned to South Africa this week, having been part of the business entourage on President Nelson Mandela's British state visit.

When he talked to prospective investors in England, news came through of the clothing and textile workers' union, Sactwu, starting a strike ballot and of employers balloting for a national lockout. It was not the sort of information calculated to support assurances that the South

African garment industry was productive, stable — and potentially highly profitable.

But were these threats genuine, or an elaborate charade to make an already obvious compromise more palatable to radicals on both sides? It is a question which was asked by at least one senior trade unionist canvassed about the prospects of a major rumble in the rag trade. For the South African garment industry has, in fact, a history of comparative stability and it is, with a few notable exceptions, profitable. Certainly profitable enough to pay a 10 percent across-the-board wage rise. Or so claim the Sactwu negotiators.

But they are also aware of the difficulties facing the industry as a whole. Which was why their across-the-board pay demand was pitched at 10 percent rather than higher. In contrast to the various public utterances, the negotiations also appear to have been quite convivial. Many employers have been nervously watching modest bottom lines while garment workers tend to be acutely aware of the nearly 10 000 jobs lost between October and April alone. Thus brought to more than 20 000 the number of jobs lost in the industry over the past five years.

But with the 20 percent fall in the value of the rand having given the export sector a boost and with the industry now seen to be slimmed down to a competitive level, most union members felt a 10 percent increase was fair. Ebrahim Patel, the deputy general secretary, probably summed up the feelings of most of his members when he stated that their demand had "a lot of moral legitimacy".

This is, after all, an industry which requires skills. Yet the average wage for a qualified machinist is R1 181 a month, working between 40 and 42 hours a week. The lowest rate is in the Free State where a machinist can expect to earn R992 a month for a 42-hour week. At the top end of the scale are machinists in the Western Cape who work the same number of hours, but are paid R1 270 before deductions.

In the words of Sactwu Western Cape regional secretary Wayne van der Rheede, these wage levels are "a disgrace". But while Van der Rheede still maintained yesterday that the 10 percent demand stood, shopfloor meetings in his own region had already passed on a mandate to accept 9 percent if nothing better was in the offing. "We knew about that and we knew that

there was not a great deal separating us in negotiations," said Johann Baard, the chief negotiator of the national employers' caucus. "Informally, we had suggested 8 percent and the union side had said they thought they could settle on 8,5 percent, but neither of us had mandates." That was before the current stand-off. And before Baard went public — to the obvious ire of unionists — about the informal talks.

Baard professes ignorance at why the union leaders called for a strike ballot. "I could speculate, but I really don't know why they did it," he said. The response by the employers was to ballot for a lockout — and so push up the temperature. In Baard's view "both sides are still adjusting to the new situation and the new circumstances". He denied any breach of confidence. Patel was unavailable for comment.

However, even as the last ballots were counted, bets were being taken both within the union and among employers that there would be a settlement at between 8 percent and 8,5 percent. The question should be resolved early next week, probably with an 8,25 percent deal — and at the cost of soured feelings between union and employer negotiators.

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Business Report reserves the right to edit all contributions

US agency to back worker programme

Mboneni Mulaudzi

(132)

DD 19/7/96

THE African American Labour Centre has given R2,5m to the National Economic, Development and Labour Council (Nedlac) for training workers on how the new Labour Relations Act (LRA) works.

The centre is a US agency linked to the American Federation of Labour and to the Congress of Industrial Organisations in the US.

The money will be used by Cosatu, the Federation of SA Labour Unions and the National Council of Trade Unions — three trade union federations taking part in Nedlac.

Nedlac executive director Jayendra Naidoo said "Nedlac is merely acting as a facilitator for the flow of the LRA training programme funds to the unions benefiting from them."

He said that these unions were required to draft their own training courses and develop their own material for workshops. They then submitted plans to Nedlac to qualify for funding from the Labour Relations Act to implement their own programmes.

Naidoo said more than 200 shop stewards, union office bearers and organisers would be trained through this programme.

Cosatu was given R1,3m. It is behind a video education programme to be completed in September and then used to educate thousands more workers who would not necessarily attend these training workshops.

Naidoo said the entire training programme was originally scheduled for completion in September but, because of its late implementation, it would now be finished later this year.

He said training was crucial to the success of the Act and without in-depth understanding of and familiarisation with LRA provisions, there could not be quality deliberations and participation in processes governed by the Act.

He said that training was necessary to ensure the success of two new LRA structures — the Labour Court and the commission for conciliation, mediation and arbitration — which were designed to increase efficiency of labour dispute resolution.

This, according to him, would minimise conflicts and promote better industrial relations between workers and employers.

ANC and Cosatu head for showdown

By Brendan Boyle

(132) CT (132) 23/7/96

Cape Town — Trevor Manuel, the finance minister, could be heading for a showdown with the government's labour and Communist Party allies over macro-economic strategy, analysts and officials said yesterday.

Opposition to Manuel's economic blueprint burst into the open at a weekend meeting of the South African Communist Party (SACP) and Cosatu.

"Something has gone terribly wrong in South Africa if a document such as the government's macro-economic framework could be put on the table," said Sam Shilowa, Cosatu's general secretary.

Backed by the SACP, Cosatu attacked the plan — which commits the government to privatisation, trade liberalisation and fiscal discipline and calls on labour for wage restraint — as a blueprint for profit at the expense of development.

David Welsh, a Cape Town University political scientist, said Shilowa's outburst, his first public criticism of the economic plan, underlined the tension between business and the mainly black working class over post-apartheid economic policy.

Predicting a summer of strikes and protests aimed at the ANC, he said: "It's not going to be an easy year on the industrial relations front."

But he said it would be wrong to expect a split between the ANC and its SACP and Cosatu allies,

who fought the 1994 election on a single ticket and divided the winning share of Cabinet and parliamentary seats among themselves.

Manuel's strategy for 6 percent annual economic growth and 400 000 new jobs a year by the turn of the century has been welcomed by local business and potential investors abroad.

But Shilowa labelled it "neo-liberal" at the weekend and said it posed serious difficulties for the working class, which was offered no protection to balance the concessions to business.

Blade Nzimande, the deputy national chairman of the SACP, told Reuters that the SACP and Cosatu had a duty to remind the ANC of its obligation to South Africa's poor.

He said the alliance was not under threat, but added: "It is time for the working class to assert itself more as a political force and that is exactly what is happening."

"We have to ensure that we create a state that serves the majority and in this, economic policy is a central question because it is a class question." Manuel insisted when he introduced the strategy document in June that its core principles, including the phased abolition of exchange controls, were not negotiable.

Nowetu Mphatti, a Cosatu spokesman, said Manuel's refusal to negotiate would be a key agenda item for a Cosatu leadership meeting yesterday to assess the economic strategy against the background of labour's vision.

Shilowa denies speculation of a showdown between Cosatu and

(132)

AD 24/9/96

Reneé Grawitzky

COSATU general secretary Sam Shilowa yesterday dispelled speculation of a showdown with government over economic policy and reiterated that no new radical positions had been adopted on the macroeconomic plan.

Shilowa said at a business breakfast that when labour agreed with the ANC and government it was portrayed as a "conveyor belt" of government and if government appeared to support labour then labour was portrayed as

running the country.

His statement to an SACP workshop at the weekend, that government's plan was unworkable, has been interpreted as representing a shift in Cosatu thinking as this contrasted with Cosatu's preliminary response to government's plan.

Shilowa said the position articulated by the federation's executive committee did not reflect a major shift. He said this week his comments at the weekend were made in the context of his SACP membership.

However, ANC MP and SACP central executive committee member Philip Dexter said Shilowa had been quoted out of context. Shilowa had conveyed that the alliance partners had not developed an adequate response to government's plan and needed to do so.

Shilowa said Cosatu's rejection of the belief that the country could create 400 000 jobs was not based on a lack of faith in government, but rather that no guarantees of investment existed. Labour's concerns about the policy would be discussed within the ANC

and the National Economic, Development and Labour Council (Nedlac).

Labour's support for government was based on the belief that it had the capacity and political will to effect transformation in the country.

Sources have indicated that the ANC's national executive committee, has not yet debated the plan.

Dexter said if the plan was not negotiable "how come it is being discussed in Nedlac?" He said in a climate of tripartism there was no case for it not being open to negotiation. "If gov-

ernment is to govern then it will have to take on board same of its constituents' concerns."

Organisations forming the community constituency in Nedlac — the SA National Civics Organisation, National Women's Coalition, Disabled People of SA and the National Rural Development Forum — resolved at the weekend to reject the plan on the basis that it was seen as non-negotiable and a departure from the RDP.

GOVT

THE most controversial aspect of Finance Minister Trevor Manuel's macro-economic strategy must be the call for wage moderation. The debate on the issue will force South Africans to reflect on massive income inequities.

Manuel's strategy envisages achieving wage moderation via a "social agreement" between business, labour and government in which each partner would sacrifice something for the common good. The Labour Market Commission also recommended a social pact.

There is scant enthusiasm for the suggestions at the moment, partly because labour and business are still suffering from battle fatigue after a period of acrimonious debate.

The present resistance to the idea of a social agreement runs so deep that it is quite possible it will die a slow and ignominious death after interminable planning meetings and workshops to discuss the "process". Hopefully government will have the political will to push for the debate to happen.

Once the debate on wage moderation gets going, there will be a renewed focus on the massive gap between top-income earners and the lowest paid workers. Labour will make a fuss about the "apartheid wage gap", arguing that workers cannot be expected to accept moderate wage increases if management does not also make sacrifices. Cosatu's Ebrahim Patel says government and business will have to accept that the wage gap is part of the discussion. "It is a prerequisite for genuine dialogue."

The massive wage differentials quoted in Labour's Social Equity and Job Creation document were never refuted by business, and companies are still not forced to disclose information on directors' remuneration. Once discussions on wage moderation start, the pressure will be on to release these figures.

Labour is emphasising the legacy of apartheid, while government and business are likely to latch on to economic. Economists point out that global competition has caused income gaps to widen internationally.

The idea of a social pact could easily die a slow death

GRETA STEYN

RD 24/9/96

(132)

Government's macroeconomic strategy notes in one of its appendices: "International trade between developed and developing countries places downward pressure on unskilled wages and upward pressure on skilled wages. As SA proceeds with trade liberalisation downward pressure will be placed on unskilled wages. If this is not accommodated by the labour market, then unemployment will rise and irregular, insecure forms of employment will increase. Employment of skilled workers and their wages are, by contrast, likely to rise as skills are in relatively short supply."

Economists are notoriously ahistorical in their view of the world, they ignore SA's history of skewed access to education, training and job opportunities. Economists also do not worry about the social consequences of massive imbalances.

The Labour Market Commission provides some striking statistics demonstrating the imbalances. Of all regular, formal sector employees, 10% earn less than R250 a month, while 38% of the 7.4-million regular workers earn less than the household minimum living level of an average of R970 a month. The commission also notes that in the public service, the most senior civil servants still earn 20 times more than the lowest paid, despite efforts to increase the minimum wage.

The commission says the disparities are "a reflection, on the one hand, of structural, apartheid-based inequities in access to education, training and jobs and the related shortages of skilled professional and managerial personnel, and on the other hand, an overabundance of unskilled labour". It says the cost of living in SA, which is high for a developing country, "places definite obstacles on the downward flexibility of unskilled wages".

The unions plan to use the commission's figures to drive their point home. Union representatives have also been looking at studies of East Asia which show that internationally competitive economies can succeed in reducing income disparities.

The "high performing Asian economies have been unusually successful in sharing the fruits of growth. (They) are the only economies that have high growth and declining inequality. The fastest growing Asian economies, Japan and the four tigers, are the most equal," the World Bank says in its book, *The East Asian Miracle*.

In the debate about equality, one has to remember that there are two gaps: the one between people in formal employment, and the one which includes the unemployed.

The Gini coefficient measures the gap between the rich and the poor, regardless of employment, and in 1993 showed that the richest 20% of South Africans get more than 63% of national income, while the poorest 20% get less than 3.5%.

Government's macroeconomic strategy aims to help narrow the gap, hence the title *Growth, Employment and Redistribution*. Its solution to the redistribution problem is to increase employment. But the interesting point is that, although there are targets for growth and employment in the strategy, there is no quantitative redistribution goal. The reason for that might simply be difficulties in the modelling exercise. Or could it be that the rich will get richer quicker than the poor will improve their lot?

The point about government's strategy is that redistribution will take place from workers at the low end to the newly employed. By holding back on wages, more people will be able to get jobs and increase their share in national income. At the top end, however, there will be no holding back, due to the shortage of skilled labour.

The unions could argue that salaries at the top end should be restrained as well. But this would be difficult to enforce as companies are free to poach each others' employees. Another alternative could be to

charge a super tax on the rich — a suggestion which would, no doubt, be met with the usual threats of a brain drain and tax evasion.

Government has been at pains to point out that it is not calling for simple wage restraint. It is simply linking wage increases to productivity increases. But the link, which has such a sensible ring to it, might be difficult to implement.

Are we talking about national productivity, or sectoral? If the focus is national, then it still boils down to an across-the-board capping of wage increases. If it is sectoral, it means a series of accords would have to be struck in different industries, or even individual firms — rather than an overall social agreement.

The sensitivity about overall wage "restraint" probably means the focus will initially fall on agreements to improve productivity. From the unions' side, a commitment could be given to create a more positive approach on the shop floor towards multiskilling. Business would probably have to make commitments on training.

Another way of avoiding the wages controversy would be to turn the attention to other "sacrifices" that business and labour are making, for instance in financing infrastructure investment through pension funds and other means. The likelihood of an overall social agreement on wage moderation — at least in this lifetime — seems remote. But that does not mean other agreements, say in different sectors or on related issues, are not possible.

We need to reflect again on income inequality. Inequality might be an unavoidable fact of life if we are to create jobs in an open economy, at least until there is more skilled labour. But South African comes are at extremes, and reflect the legacy of a repugnant system.

How are we to live with it? The question is not easy to answer, but we must at least try. Business and government will have to accept that the apartheid wage gap "will be on the table. Government has done so already", if Manuel's comments are anything to go by. But what will the response be from business?

Reneé Grawitzky

SOCIAL contracts in Western Europe had come under pressure as a

result of globalisation, and business had ultimately made the first move to break them, outgoing SA director of the Friedrich Ebert Foundation, Hubert Schillinger, said yesterday. Schillinger said it was crucial for the social partners in SA to investigate the social contract route, but they had to be aware of the pressures placed upon such contracts in view of the country's re-entry into the international markets.

The foundation is a political think tank which has close links with the Social Democratic Party and labour in Germany. The foundation provided support in the form of funding and expertise in the political arena and to the labour movement. Support to labour included union education and providing the funding for the administration of the Labour caucus within the National Economic, Development and Labour Council (Nedlac).

Schillinger said in Germany, the social contract had been an unwritten understanding between partners that major policy issues would be discussed and consulted on. This formed the basis of Germany's post-war model which was presently under pressure of collapsing as globalisation brought in a new order.

The present developments clearly illustrated that national economies could easily set parameters, but globalisation took away governments' control of economic policy making. Schillinger said in the face of globalisation, countries like Germany were under threat where companies had indicated that if they could not discuss and negotiate changes to hours of work, taxes and social security, they would leave.

Unfettered globalisation, he said, could have severe ramifications in the form of increased xenophobia and a nationalist backlash which could breed the rise of fascism. He said SA was simultaneously facing pressures of opening up its economy and trying to build democracy, and institutions such as Nedlac were aimed at moving the country away from adversarialism to cooperative deal-making. With or without a social contract there would be pressure on labour to either consider a wage restraint or commit to increasing productivity.

Caution advised should SA follow social contract route

(132) 26/14 196

Increased competitiveness contributed to higher growth and was crucial to try to combat the impacts of globalisation, he said. On the other hand democracy without social justice was not possible.

The move towards privatisation required labour to come up with more sophisticated arguments against government's proposals, he said. Labour should use the situation it had been given to make the best deals possible. It could not remain in a state of opposing everything without proposing viable alternatives. "Unions are not all-powerful, they must understand the limits to their power."

Weary Nedlac picks itself up

By MARCIA KLEIN

THE National Economic, Development and Labour Council has made a fairly strong recovery from the near crisis which seemed to be looming earlier this year, says Nedlac executive director Jayendra Naidoo.

"We have been heaving away on all fronts," he says. "We have pumped some adrenaline into our structures and procedures and there is now more confidence in the Nedlac process than previously."

Timetables have been set for finalising discussions on various key issues, many of which will be wrapped up by September or March.

Naidoo says the public finance and monetary policy chamber has finalised a plan to discuss key issues. These include the 1997/98 budget, the government's macroeconomic strategy, the depreciation of the rand and options for exchange rate policy, South Africa's debt situation and deficit reduction, and capacity development.

The public finance chamber follows the budget cycle and is not equipped to be a formal agreement-making structure, but it will act as a central point for all other chambers where there are issues with a budgetary impact.

In addition, says Naidoo, "by the time

Trevor Manuel speaks as the first ever ANC finance minister in March, he will be able to do so based on a far more comprehensive dialogue on fiscal and monetary policy at the Nedlac level."

The labour market chamber has more or less tied up all the key areas relating to the Labour Relations Act. The only matters outstanding are codes of conduct on retrenchment, a code of practice on picketing, and demarcation of sectors for bargaining councils. The chamber has started researching collective bargaining.

The development chamber has been much criticised, Naidoo says, "but is turning into something useful and has a regular agenda of issues."

These include job creation, investigations into consultative mechanisms, housing and crime.

Trade and industry has agreed on social clauses and small business, but has a lot on the table, including trade agreements and research projects.

Naidoo says Nedlac has been focusing on how to improve its process and is now working on the central issues needed to formulate a national agreement.

ST(BT) 28/7/96

(122)

Sunday Times
Business Times

Jayendra Naidoo, Nedlac executive director, who says the council has been working hard to win confidence



Partners at Nedlac miss their deadline

(132)
By Christo Volschenk

CT (BP) 30/7/96
Cape Town — The social partners in Nedlac have missed today's self-imposed deadline for the conclusion of negotiations on minimum standards to be contained in employment legislation.

The legislation is vital as it will detail the minimum standards an employer will have to offer any employee. The union regards these minimum standards as an employee's right and is pushing for a range of benefits to be included, while business is concerned with the effect this additional cost will have on the competitiveness of the workforce in global terms.

The labour-market chamber in Nedlac will present a report on the progress made in the negotiations to the management committee today, but it will not be a final report — as had been hoped — since a few key issues are still unresolved.

The social partners, namely government, business, the unions and community organisations, met for another round of negotiations yesterday.

"Substantial progress was made but key issues were unresolved," a Nedlac spokesman said.

Since negotiations started, the social partners have been careful not to discuss their progress.

A week ago the silence was broken when Sam Shilowa, the general secretary of Cosatu, said very little progress had been made and warned that the negotiations may be deadlocked if business did not take a more accommodative stance.

At that time he said agreement had only been reached on the prohibition of child labour. Key issues are believed to include, among others, Cosatu's demands for a ban on overtime and a legislated maximum 40-hour working week.

INDUSTRIAL RELATIONS - GENERAL

1996 - 1997

Cosatu has far too much to lose from split with the ANC

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Star 3/8/96

The rift between the Government and Cosatu over the Government's macro-economic growth plan is serious, but it is not going to split the ANC-SACP-Cosatu alliance, writes **SAM SOLE**

Despite attempts to paper over the cracks between the ANC and Cosatu, the differences within the tripartite alliance over the Government's economic growth plan are fundamental.

Cosatu national executive committee (NEC) members admit privately that the differences are not merely a matter of detail: the union movement has profound problems with the approach to the economy taken by Finance Minister Trevor Manuel and see it as contradicting the principles underpinning the RDP.

Broadly speaking, the Government's proposals suggest a very conservative economic policy to maintain high interest rates, reduce the budget deficit, cut back the state's role in the economy and abolish exchange controls.

Investment

Introducing the plan, Deputy President Thabo Mbeki told the media: "Call me a Thatcherist", and he was only half joking. The Government's approach is to rely heavily on the private sector and above all foreign investment to get the economy going. In a nutshell it has turned around the "growth through development" approach underpinning the RDP and instead posited development through private sector-funded growth.

But Cosatu secretary-general Sam Shilowa has slammed the government document as "unworkable and unwinnable", saying it puts the economy and the state at the mercy of "the blackmail of the market".

He says the plan will stifle the economy. Economists sympathetic to Cosatu, such as Vella Pillay and Edward Osborn, say the proposals will further weaken the rand,

damage local industry - especially small and medium-sized business - and will not entice the kind of foreign investment needed to sustain it, notwithstanding the Government's foreign begging missions.

Osborn says that, without state intervention, past experience suggests private investment is likely to concentrate on capital-intensive projects which don't create jobs.

He and Pillay argue that the successful growth of the Asian Tigers has been based on strategic state intervention in the economy, something lacking in the South African growth plan.

If the Government has shifted to the Right on economic policy, what are the reasons, given that Cosatu put the ANC in power?

Wits labour analyst Professor Eddie Webster says the key factor is the globalisation process which



TREVOR MANUEL: Under fire over economic growth plan

has exposed the SA economy to international forces over which it has no control: "We are hostage to the amorphous market."

He says the Government is under enormous pressure from business and Western countries to accept the dominance of liberal market philosophy. Despite the Left pressure from Cosatu and the SACP, he says the Government also faces "a precocious black middle class which wants its place in the capitalist sun" and he suggests pressure will push the Government towards liberal policies.

Webster believes there is room for compromise through negotiations at the National Economic, Development and Labour Council (Nedlac): "Coping with globalisation requires a national effort. Al-

though it may look like there is a divide, it's early days yet - it is possible for consensus to emerge"

The Cosatu NEC met this week to consider its options. The federation believes it is crucial to challenge Manuel's claim that the fundamentals of the government policy are "non-negotiable"

Cosatu intends drafting detailed responses to the government documents, but it is not clear if the Government intends to take up the debate.

It is due to put its policy to Nedlac this month but report-backs in that forum are due only in February. However, many see the fact that Cosatu has taken an independent line as positive.

Says Phiroshaw Camay, former National Congress of Trade Unions secretary-general: "I would be much more agitated if there were a monolithic view that emerged from the ANC-SACP-Cosatu alliance after talks behind closed doors. This open debate gives them the possibility of choosing between competing policy proposals."

Alienate

Another labour analyst says Cosatu needs to chart a more independent path and take a more dominant role in the alliance. Any more compromise by the Cosatu leadership could alienate it further from grassroots support.

"Cosatu needs to look to the SA National Civic Organisation and to building a social movement of labour and community organisations. Otherwise it risks becoming marginalised."

The role of the SACP in charting the future of the alliance is unclear. SACP deputy general secretary Jeremy Cronin says it is the SACP's duty to prevent the ANC from becoming an "induna state" - an agent for big business and international capital. However, others from labour dismiss the SACP's "touchy feely" relationship with the ANC.

"There are too many people in the party with too much to lose by opposing the Government," says one. "They will do anything to avoid having to choose between the ANC and Cosatu."

Nedlac release policy document

Sometan 7/8/96
(132)

By Abdul Milazi
Labour Reporter

THE NATIONAL ECONOMIC Development and Labour Council has released a study document to assist the Government in formulating a new policy on the financing of training for workers and the unemployed.

According to Nedlac spokeswoman Ms Mandy Jean Woods, the document, which highlights a number of options available to South Africa, will form part of the forthcoming negotiations in the Trade and Industry Chamber.

The Government is currently discussing the creation of a new training policy.

Central issues under debate are whether enough is being spent on training and whether the private sector

Government currently talking about the creation of new training policy

and Government should share the control of such training.

The Nedlac study looked at economies like those of Britain, New Zealand, Australia, Malaysia, Mauritius, South Korea, Brazil and Chile. The document says all the countries used a combination of funding sources for their vocational training, but usually place most reliance on one and sometimes two of the following.

- Levies, usually on company pay-rolls,
- Tax incentives for approved training,
- State expenditure, and

- Voluntary private expenditures.

The overall authority over training is vested in a government ministry, while control of the actual training and allocation of resources is shared between government, employers and trade unions.

All countries except Brazil allocate large amounts of government revenue to training, while Chile is the only country which operates a successful tax incentive scheme.

Nedlac executive director Mr Jayendra Nardoo said "The experience of other countries shows that a critical component of successful development is human resource development"

Nedlac begins dialogue with Parliament

(132)
Renée Graywitzky

BD 12/8/96
THE National Economic, Development and Labour Council (Nedlac) this week begins a process of dialogue between various parliamentary standing committees and the corresponding Nedlac chambers to ensure better co-ordination of processes.

Nedlac indicated that this initiative was an attempt to build a closer relationship with Parliament and the various standing committees.

Nedlac's executive director Jayendra Naidoo said yesterday the process stemmed from discussions held in April with representatives of the various standing committees where the need was expressed for fuller and more regular contact between the committees and the respective chambers.

On Wednesday representatives of Nedlac's public finance and trade and industries chambers will brief the respective parliamentary committees on the current work and activities of the chambers. Naidoo said the intention was to ensure better "co-ordination between the processes at Nedlac and those in Parliament".

The labour market chamber will hold discussions with the parliamentary standing committee on labour relations tomorrow to discuss the amendments to the Labour Relations Act 1995. The committee was not able to approve the amendments during the last session which has contributed to some delay in the implementation of the Act.

Labour, government and business will start negotiations on the employment standards draft Bill tomorrow.

EWS

Survey sounds warning from labour

(132) (S)

By Guy Oliver

LABOUR EDITOR

Johannesburg — High levels of worker dissatisfaction with the government's economic performance since it came into power in the 1994 elections have been identified amongst labour in the Eastern Cape, according to a recent survey.

The survey, in the latest South African Labour Bulletin, by Rhodes University academics Roger Southall, the professor of politics, and Geoffrey Wood, the senior lecturer in sociology, was conducted in the region traditionally regarded as an ANC stronghold.

The survey was commissioned by the Human Sciences Research Council and covered 470 voters from the unemployed, farm work-

ers and trade unionist members from Cosatu, the National Council of Trade Unions and the Federation of South African Labour.

The survey, conducted on the eve of last year's local elections in the province, found that 37 percent of respondents felt the country's general situation had improved while 27,8 percent felt the situation had deteriorated and "many respondents believed that their employment situation had got worse." But the percentage for the last category was not provided.

"Despite their high degree of loyalty to the ANC alliance (73 percent of respondents pledged support for the ANC), it is evident that there is considerable dissatisfaction amongst Eastern Cape trade unionists with the seeming non-material-

isation of promises for economic empowerment," the authors said in the bulletin.

Other respondents' political allegiances were divided among the PAC (5,6 percent), the National Party (3,7 percent) and the remainder between smaller parties such as the DP and the African Christian Democratic Party. No one interviewed pledged support for the IFP.

Because the ANC's economic performance was not held in high regard by unionists well versed in the way of democratic procedures, this served as a warning to the government given that the survey also found that 99 percent of trade unionists voted in the national elections, 8 percent more than non-trade unionists.

Furthermore, this trend was reflected in local government elections, which revealed that "significantly more unionised workers had registered to vote in the local government elections than those who did not belong to trade unions."

Although the authors felt most respondents remained loyal to the ANC government and were prepared to exercise patience in terms of delivery, they warned that the ANC should not take unionist support for granted.

"It is true that, if disillusion sets in, ANC-inclined trade unions may choose not to switch to an alternative party, but, worse for democracy, which cannot thrive in conditions of popular apathy, they might not choose to exercise their vote at all," the authors said.

CT (BR) 12/8/96

Malaysia buys stake in SA dam resort

(13) CT (BR) 12/8/96

By Roy Cokayne

Pretoria — Country Heights Holdings Berhad, a top Malaysian property developer, said it had acquired a 51 percent stake in Pecanwood Resort and Residential Estate on the Hartbeestpoort Dam for R28 million.

The Malaysian property developer said the remaining 49 percent shareholding in the development was held by Maccon Investment Holdings, (Maccon) the South African company.

The joint venture contract was signed in Kuala Lumpur earlier this

month.

Maccon forecasted turnover from the joint venture to be more than R650 million over the next six years.

The Pecanwood venture is part of the Malaysian developer's overseas expansion plans, after several years of successful upmarket property development in Malaysia.

Pecanwood is a fully secured residential estate of 750 freehold homes integrated into a Jack Nicklaus Signature Golf Course.

It will also include a boating club, a hotel and a conference centre, a tennis centre, a health spa and

about 280 apartments.

The development will offer residents country-club living within 30 minutes of Sandton, Midrand and Pretoria. The developers have already sold 80 percent of the first phase of the residential packages, worth more than R50 million.

Construction of the golf course and township services reticulation has started. The first occupation of homes is set for early next year.

The Malaysian property developer was founded by Dato' Lee Kim Yew and made its name with the Country Heights development, dubbed the Beverley Hills of

Malaysia.

It is involved in developing the R1,75 billion Mines Resort City outside Kuala Lumpur. This development involves transforming the world's largest open-cast tin mine into a city around a lake.

It includes housing, a shopping complex, a business park, a theme park and The Palace of the Golden Horses, one of the world's premier hotels, with about 500 rooms.

The development is a Malaysian version of Sun City's Palace of the Lost City, being the creation of the same design team, but it is much bigger.

Nedlac observer status sought

Tim Cohen

CAPE TOWN — The parliamentary trade and industry committee yesterday indicated it would be seeking observer status at the National Economic, Development and Labour Council (Nedlac) and would be particularly keen to be present during the debate on competition policy.

Committee chairman Edna Molewa made the proposal at a meeting between Nedlac representatives and committee members yesterday, which was designed to improve at times strained relations between Parliament and Nedlac.

Molewa suggested that more

formal links between the committee and Nedlac were necessary

Nedlac executive director Jayendra Naidoo said the main way accountability had been ensured in the past was through the structures of the different sectors represented at Nedlac

Naidoo suggested other methods should also be considered to bring about a more formal relationship between Nedlac and Parliament. These included more regular Nedlac briefings of parliamentary bodies.

Committee members endorsed this idea, and suggested that the convenors of Nedlac substructures might also brief parliamentary bodies when the need arose

BD 15/8/96

BD 15/8/96

Nedlac extends talks about Bill

Renee Grawitzky

BD 15/8/96
(132)

NEGOTIATIONS on the Employment Standards Draft Bill within the National Economic, Development and Labour Council have been given a reprieve after labour negotiators requested additional time so that the parties could try and reach a settlement.

Labour, government and business negotiators met on Tuesday night to record areas of agreement and disagreement on the revised draft Bill circulated by government last Thursday.

Nedlac executive director Jayendra Naidoo said last night it was agreed to extend the process until mid-September, but the Bill would still be considered in this parliamentary session. Parties needed to consult their constituencies.

INSIDE BUSINESS

Remember Nedlac?

CT(AR) 20/8/96 (132)

Majakathata Mokoena

There was much hullabaloo over Cosatu's recent announcement about the government's macroeconomic plan. Indeed, many have endeavoured to suggest there is a split between the ANC and its traditional allies, the SACP and Cosatu.

Well, a split might be the alliance's solution now, but the long-term effects might be too costly for the country.

Cosatu and the SACP, as part of the South African political and economic fabric, cannot be wished away. The country needs solid stability now more than ever. Our democracy is so new and fragile we cannot risk a protracted showdown between the government and labour, especially over issues where common ground is so evident.

The main differences are not in their objectives, but in their tactics and implementation. The country's economic growth is in the interests of the government and Cosatu, both will benefit from reducing unemployment, both want some form of wealth redistribution in the country.

Cosatu and the government have chosen the Reaganite path to economic management to achieve these objectives, though labour seems more comfortable with Keynesian approach to expand domestic demand.

How well these issues of implementation are resolved is a matter that will put all in the country at ease, including our foreign trade partners and investors. But using the media to engage in such discourse does Cosatu and the ruling party a disservice.

Furthermore, Finance Minister Trevor Manuel's declaration that his plan is not negotiable is a symptom of a lack of systematic debate and consultation within the political and economic arena in South Africa.

We should actively use the institutions created for such debate. Nedlac is the place where issues should be ironed out and a compromise struck on developing an all-encompassing national economic strategy.

Surely we all know that no economic policy can be implemented successfully without the active involvement of the main stakeholders, especially those whose input is crucial to achieve any national goal. That means no economic plan can be successfully implemented without the full involvement of labour, because our country is still overly labour-intensive. By the same token, no implementation would get off the ground without the financial and managerial talent of private business.

The government should be concentrating on getting the main stakeholders to co-operate and co-

ordinate their actions. They all have to get involved at the conceptualisation stage and stay engaged to the implementation. The government should not stand with one or the other.

The largest problem we face today is that a long-term vision for the country's social and economic fabric is still lacking. This vision should be so clear and so broad that every institution in the country and every member of society should be able to identify their role in it. One need not necessarily agree with all its components, but the vision should be robust enough to be modified to suit all determined implementers.

South African society is impaired by the not-too-distant past, which, granted, has to be reviewed to move forward. Our vision is blinded by the proverbial tree of the demand for reparation from the forest of nation-building. We must take the opportunity to banish the ghost of apartheid forever and start on a path of social and national transformation for a more responsible and prosperous future.

Implementation of such a vision should, of course, be negotiable. The arena for such negotiation and horse-trading is Nedlac. Put it to the use for which it was constituted, please.

Majakathata Mokoena is an international business consultant

FOREIGN COMMENT

Immoral means advocated to achieve supposedly moral objectives

Ewald Wessels

THE Labour department's policy proposals for a new employment and occupational equity statute are ambitious. They envisage nothing less than a complete elimination of statistical inequalities of income and status among SA's population groups. The critical question is, will they work?

In their present form they probably will not, and the short time allowed for public comment (comments will be accepted only until the end of August) raises the concern that the necessary consultation and revision will not take place in sufficient depth.

The proposals fail to take the dynamics of the economy into account and two features in particular have the potential to do more harm than good.

The more serious is the proposal to reverse, with respect to any accusation of unfair discrimination, the time-honoured legal assumption of innocence unless guilt is proved.

The second is the focus on racially defined groups to the detriment of individual human rights.

The policy proposals, prepared by a task force appointed by the Labour minister and incorporated in a green paper published recently by the Labour department, point at serious problems.

They articulate goals that no reasonable person would disagree with. These start with the objective of eliminating all forms of discrimination in employment. Discrimination is reasonably defined as the use of any "irrelevant personal characteristics instead of work performance or merit" in the making of decisions about employment.

The intentions are expressed not to reinstall an oppressive classification system, but to increase the

economy's efficiency and expand employment.

Having stated these intentions, the proposals then do an about-turn with the recommendation that all employers be forced to classify their employees by race, gender and disability status.

Employers would be required to supply the department with statistics broken down into these classifications. The potential for oppression is created by a disturbing combination of measures.

To start with it is proposed, contrary to the minister's instruction, that one form of discrimination is permitted discrimination will not be considered unfair when an employer is explicitly aiming to overcome a disadvantage arising out of past discrimination. What this will mean in practice is made clear by the statement that measures "to accelerate hiring, promotion and training will be directed at three disadvantaged groups: black people, women and people with disabilities".

Measures are proposed that will oblige employers to ensure that applicants for any appointment include representatives of these three groups, anyone who, on the basis of gender and skin colour does not fall in one of these three groups will clearly not have a right to equal opportunity in the selection processes that follow. Any discrimination against them, whether "fair" in the usual sense or not, could always be justified with the argument that the purpose of the discrimination was to overcome the effects of past discrimination.

To enforce its proposals, the task force promotes a principle that has a history of disastrous consequences: immoral means are advocated to achieve a supposedly moral objective.

It is proposed that any employer who is accused of

unfair discrimination be held to be guilty until proved innocent.

The onus will be on the employer, if accused of unfair discrimination, to prove that "non-discriminatory procedures" had been followed and that "where required" employment equity planning requirements had been fulfilled.

The proposal continues its deviation from accepted concepts of justice when it proposes extending the right to bring such accusations to anyone, not only the individuals directly affected.

It is explicitly suggested that "a union or other group would have standing to argue that an employer is discriminating".

It is further proposed that class actions be permitted, in other words that anyone should be permitted to accuse any employer of unfair discrimination against some abstract group of people.

In its discussion of the possible discriminatory effects of various selection criteria, the green paper illustrates the difficulties employers will encounter in attempting to justify the appointment or promotion of anyone not belonging to one of the three favoured groups.

For example, psychometric tests are called into question and even the fairness of appointing family members to family-owned companies.

It is clear that if the recommendations of the green paper make their way into law, recruitment and promotion will become uncertain and hazardous and it is naive to imagine this would not take a toll on the economy. **BD 22/8/96**

The opportunity extended to anyone to target an employer with accusations will inevitably result in the victimisation of innocent employers. Many em-

ployers will react by ceasing any form of hiring or promotion. A huge amount of entrepreneurial effort would be diverted from the development of the economy to ways of navigating the sea of uncertainty created by the legal environment envisaged by the green paper, or to escape entirely from the country.

There is a significant risk that the end product would be a small elite from among the ranks of the "formerly disadvantaged" defending positions of new privilege in a shrunken economy while the vast majority remain disadvantaged.

SA's long-term problem is a need for development that it shares with the rest of Africa. The Sahara desert isolated most of the continent until relatively recently, in historical terms, from the flow of trade and conquest that spread literacy and technology around the Mediterranean and along the overland routes across Asia.

In its lengthy analysis of inequalities in this country, the green paper blames the entire development problem here on past discrimination, thereby laying the groundwork for the unusual and punitive recommendations that follow. It completely ignores the natural differences that existed, because of the imperial facts of geography and history, among SA's disparate ethnic groups when they first came together.

Because it casts the data it presents into groups defined by skin colour to start with, the green paper obscures the fact that large income and status differences exist among the different ethnic components of the "white" and "black" groups. Had the task group that wrote the proposals analysed these differences it would have found that they correlate closely with the industrial and commercial heritage each ethnic group brings to the SA economy. It is necessary only

to study the large inequalities of income and status that persist among the ethnic components of the "white" group to realise that the transition from a rural to an industrial tradition is more difficult than many apparently imagine.

The skills and knowledge of SA's existing corps of managers and entrepreneurs represent the only significant resources available for the development of the country's rural and recently urbanised groups. The way to harness those resources is not to alienate a large part of this corps of people by depriving them and their sons of civil rights, as the green paper proposes, but by promoting genuine fairness and equity.

Labour department officials defend their proposal to reintroduce skin colour into law by asking how else they could monitor progress in eliminating discrimination.

The answer lies in the argument that defeated the attempt, in the early part of this decade, to build protection of "group rights" into the new constitution. "Defend the rights of the individual," it was said, "and the rights of groups will be protected automatically." This principle is as valid now as it was then. If the rights of individuals are protected in accordance with the accepted principles of justice, and individuals are assisted to obtain this protection, then progress will be measured as progress in eliminating any other legal offence as measured by analysing the frequency of complaints and convictions.

Wessels is chairman of the boards of two companies, Cape Manufacturing Engineers and Debeer Cape. He was a member of the Old Mutual/Nedcor professional economic panel. This article is written in his private capacity.

LABOUR

Doing the growth shuffle

CT (BR) 28/8/96 (132)

Guy Oliver

LABOUR EDITOR

The Cosatu Them and Us round of labour conferences has been compared by one unionist to a sales pitch for competing washing powders to cleanse South Africa's unsightly stains of poverty, crime and unemployment

Despite the two-week round of national conferences to bridge the gap between organised labour and business, the two communities retain their opposing macroeconomic perspectives. Yet a shared vision for the country is essential for progress.

Economic liberalisation has strong support from business as well as the ANC government (remember Thabo Mbeki, the deputy president's jocular description of himself as a Thatcherite).

Midrand hosts the final leg of the union-organised national conferences today. The sides will walk parallel lines with little movements towards each other on the core macroeconomic debate, Growth versus Social Equity, if the previous meetings are used as a barometer.

The escalating crime levels in South Africa drew the two sides closer at times. Nico Czipionka, Standard Bank's chief economist, during the Cape Town leg, said crime had to be addressed, even if it meant chain gangs in the Kalahari. Zwelinzima Vavi, Cosatu's assistant general secretary, was equally dismissive of the government's "anti-crime strategy (which) appears to be strong on ideas but weak on implementation".

Today, Adrian du Plessis, the Chamber of Mines' industrial relations general manager and Randall Howard, the Transport and General Workers' Union's general secretary will defend their respective positions.

Business will sell their brand known as Growth for All, courtesy of the South Africa Foundation, and organised labour the Social Equity and Job Creation strategy. Though the ends of the two are the same — social equity and growth — the means have little in common.



Both sides bring the baggage of the central 20th century economic debate, but from opposite ends. The ideological bent of business is that of unfettered competition and the state taking its rightful place in the market — in the background. Labour comes from the school of post-war reconstruction projects such as the Marshall Plan or Franklin Roosevelt's 1930s New Deal, which sought to drag the US from the Great Depression, with the state leading the charge.

Business argues for a flexible and unregulated market as the path to full employment, and labour believes a capitalist economy is not self-regulating and thrives through under-employment, and in the process wastes the country's human resources.

The key to growth, according to business, involves the promotion of savings and a real wage rate that will lead to higher employment and output. The logic is the lower the wage rate, the greater the employment. This reasoning finds its expression in higher domestic savings, a flexible labour market and the boosting of company profit.

Labour views demand as the catalyst for growth, by using a growing number of employed with a greater income distribution as the engine to increase local demand, and thereby stim-

ulate the economy towards greater employment.

The gap narrows slightly when the two come to terms with market orientation.

Business thinks exports will save it. While there is some common ground with labour in this regard, labour opts for a strong domestic market as the means towards sustained growth.

Business, though opposed to collective bargaining, realises the strength of the labour movement, but would prefer individual bargaining. Business is opposed to minimum wage regulations and probably the most aggravating for Cosatu, the creation of a two-tier labour market, existing side by side, to encourage full employment.

Labour counters with a reduction of wage gaps, the strengthening of centralised bargaining institutions, a 40-hour working week, an increase in training programmes and the inclusion of a social clause in trade agreements.

There is broad agreement that the political miracle of 1994 has been dented by an elusive economic miracle. But there is one common bond between the two communities, a sense of urgency. How long have we got to get the economy moving towards equity and growth? Six months, says one unionist.

- (1) What did the arrear service debt to local authorities amount to in total as at the latest specified date for which information is available.
- (2) whether any steps have been or are to be taken to collect this debt, if not, why not, if so, what steps?

N1220E

THE MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT

- (1) Unfortunately no reliable figure is available for the whole country

The Institute of Municipal Treasurers and Accountants has been contracted by the Department of Constitutional Development to be the project managers for what is known as Project Liquidity. The aim of Project Liquidity is to obtain reliable information on the cash flow and debt position of municipalities

This monitoring programme is managed in consultation with the nine provinces and Organised Local Government. The programme is now beginning to provide fairly reliable information, although the Department of Constitutional Development in conjunction with the provinces is at the moment testing the validity of the information

During visits to selected municipalities, the project team discovered that some of the respondents interpreted questions on arrears incorrectly, in that they did not differentiate between current debt (30 days) and longer term debt in their replies. Current debt, for obvious reasons, should at date of completion of the questionnaire not be included in the arrears figure. The Department of Constitutional Development is addressing the above issue as a matter of urgency in conjunction with the provinces and Organised Local Government

- (2) From the information gathered over the past few months it appears as if the total amount of outstanding arrears has stabilised. In other words, the debt ratio of most municipalities is not increasing
- (2) Collection of any municipal debt is the legal and political function of a municipality. It often involves a complex set of

- (iii) poor perceptions of personal safety in South Africa due to reports of crime on tourists

Radio station closed

*37 Mr M C J VAN SCHALKWYK asked the Minister for Posts, Telecommunications and Broadcasting †

- (1) Whether his Department intends closing a certain radio station, the name of which has been furnished to this Department for the purpose of this reply, if not, what is the position in this regard, if so, (a) for what reasons and (b) how many staff members will be affected thereby.

- (2) whether he will make a statement on the matter?

N1222E

THE MINISTER FOR POSTS, TELECOMMUNICATIONS AND BROADCASTING

The Chairperson of the South African Broadcasting Corporation has informed me as follows

- (1) The South African Broadcasting Corporation does not intend to close any radio station. However, the future funding of Channel Africa which as in the past been entirely reliant on Government is still being finalised with the Ministry of Posts, Telecommunications and Broadcasting
- Any future decisions of the SABC are to be taken pending the finalisation of these discussions within the near future

- (2) No

IBA: budget

*38 Mr J J DOWRY asked the Minister for Posts, Telecommunications and Broadcasting †

- (1) Whether there was an increase in the Independent Broadcasting Authority budget in respect of the 1995/96 financial year, if so, (a) what did the total budget amount to and (b) what was the percentage increase.

- (2) whether he will make a statement on the matter?

N1223E

THE MINISTER FOR POSTS, TELECOMMUNICATIONS AND BROADCASTING

The Chairperson of the Independent Broadcasting Authority has informed me as follows

- (1) Yes, there was an increase

(a) Budget amount to R30 211 434

(b) 150% increase (R17 396 657)

- (2) No

Prisons in South Africa

*39 Mr N J GOGOTYA asked the Minister of Correctional Services †

- (a) How many prisons are there in South Africa at present, (b) how many of these prisons are overpopulated and (c) in respect of what date is this information furnished?

N1224E

THE MINISTER OF CORRECTIONAL SERVICES

(a) 228

(b) 168

(c) 31 July 1996

NEDLAC, total expenditure

*40 Col A BLAAS asked the Minister of Labour †

- (1) (a) What was the total expenditure in respect of NEDLAC during the period of 1 October 1995 to 31 May 1996 and (b) who was responsible for the payment of this expenditure.

- (2) whether he will make a statement on the matter?

N1225E

THE MINISTER OF LABOUR

- (1) (a) The total expenditure in respect of NEDLAC during the period 1 October 1995 to 31 May 1996 was as follows

Expenditure Item	R
Capital	1 8719
Staff	1 237 904
Administration	655 565
Communication	344 241
Travel and Accommodation	230 212
Venues and refreshments	122 838
Constituency Support	121 174
Total	2 730 653

Handwritten: ANN SARD

Handwritten: (132)

(b) NEDLAC is financed from the monies appropriated by Parliament through the Department of Labour

Thirdly as in the case of other countries it is necessary to make it user friendly

- (2) Yes (b) The rewriting of this Act will commence this year

Additional information

(1) The budget for the 1995/96 financial year (i.e. 1 April 1995—31 March 1996) was R4 821 900. A total amount of R4 545 901 was spent during the same period

(2) It is not considered necessary to make a further statement

Aviation accidents

(2) The budget for the 1996/97 financial year is R6 271 000. For the period 1 April 1996 to 31 July 1996 (one third of financial year) an amount of R941 437 has been spent

*42 Mr D M STREICHER asked the Minister of Transport †

(1) (a) How many aviation accidents occurred in South Africa in the period 1 April 1994 to 31 March 1995 and (b) what methods of enquiry have been or are being followed in this regard.

(2) whether he will make a statement on the matter? N1227E

THE MINISTER OF TRANSPORT

(4) Unspent funds at the end of a financial year, i.e. 31 March, have to be ploughed back to the State. This is done by deducting the amount of the unspent money, if any, from the approved budget allocation for the following financial year. The balance of the budget for the "new" financial year is then paid over to NEDLAC in four installments

Rewriting of Income Tax Act

*41 Mr A H NEL asked the Minister of Finance †

(1) Whether he or his Department has decided to rewrite the Income Tax Act, if not, what is the position in this regard, if so, (a) what were the reasons for this decision and (b) when will the rewriting of this Act commence.

(2) whether he will make a statement on the matter? N1226E

THE MINISTER OF FINANCE

(1) Yes (a) The reasons are that the Income Tax Act was last consolidated in 1962 and after 34 years of amendments it is necessary to reconsider its structure. Secondly the provisions of the Act have to be reconsidered in the light of the requirements of the constitution

*43 Mr G M E CARELSE asked the Minister of Transport †

(2) No

Spoornet: non-payment of tickets

What amount of travelling fares was lost by Spoornet due to the non-payment of tickets in the (a) 1994,95 and (b) 1995,96 financial years?

THE MINISTER OF TRANSPORT N1228E

It is assumed that the hon member is referring to revenue lost as a result of fare evasion by rail commuters in the financial years 1994/95 and 1995/96 which is estimated as follows

	1994/95	1995/96
Estimate	R116 million	R145 million
Percentage	33%	35%

Fare evasion figures are collated after a rail commuter census has been conducted, a practice which is carried out once a year

The method applied in establishing the figures supplied is generally accepted as satisfactory by Metrorail, the South African Commuter Corporation and the Department of Transport

Strenuous efforts are being made to reduce the level of fare evasion through the upgrading of station infrastructure and the employment of security personnel. This process is proceeding as rapidly as budgetary constraints allows

Robben Island: future utilisation

*44 Mrs D GOVENDER asked the Minister of Arts, Culture, Science and Technology †

- (1) Whether his Department is engaged in planning with regard to the future utilisation of Robben Island at present, if so, when will this planning be completed,
- (2) whether he will make a statement on the matter? N1229E

THE MINISTER OF ARTS, CULTURE, SCIENCE AND TECHNOLOGY

(1) The matter is being dealt with by the Cabinet Committee on the future of Robben Island and the Department of Arts, Culture, Science and Technology (DACST) has participated in these discussions. Last year I declared Robben Island a national monument. Because of the intrinsic value of Robben Island as a heritage

site, it is important that the DACST continues to play a major role in its future

(2) See (1)

Prisons closed

*45 Mr F P SMIT asked the Minister of Correctional Services †

Whether any prisons were closed in the 1995,96 financial year, if so, (a) which prisons and (b) what was the loss of accommodation in respect of each of these prisons? N1230E

THE MINISTER OF CORRECTIONAL SERVICES

- Yes (a) and (b)
- Old Umtata Prison — Accommodation loss, 111
- Bloemfontein Prison — Accommodation loss 495
- Verulam Prison — Accommodation loss 96
- Bulwer Prison — Accommodation loss 43
- Libode Prison — Accommodation loss 50
- Klein Drakenstein Prison — Accommodation loss 245
- Paarl Prison — Accommodation loss 112
- Mafikeng Prison — Accommodation loss 84
- Lusikisiki Old Prison — Accommodation loss 49

Zimbabweans deported from SA

*46 Mr I J PRETORIUS asked the Minister of Home Affairs †

How many Zimbabweans were deported from South Africa on account of crimes during the period 1 January to 30 June 1996? N1231E

THE MINISTER OF HOME AFFAIRS

HSRC: research posts

*47 Mr C M GEORGE asked the Minister of Arts, Culture, Science and Technology †

(1) (a) How many research posts exist at the Human Sciences Research Council, (b) how many of these posts are vacant and (c) in respect of what date is this information furnished.

Cosatu concerned over court's ruling

(132) ~~(132)~~ BD 9/19/96

Reneé Grawitzky and Alan Fine

BOTH Cosatu and Business SA have generally welcomed the Constitutional Court's ruling on clauses related to labour issues.

But Cosatu has expressed concern over the court's insistence that individual employers—in addition to employer organisations—should enjoy the right to bargain collectively. The court held that the relevant constitutional principle required that the right be enjoyed by employers both individually and collectively.

The court ruled in an additional two distinct areas on labour issues. As regards business's wish to have the right to lock out included alongside the right to strike, it said that the right to bargain collectively implied the right to

exercise economic power against adversaries. However, the principles did not require that the constitution specify any particular mechanism for the exercise of power.

The third labour issue addressed by the court was to rule that the constitution could not shield any statute from constitutional scrutiny, as it attempts to do with regard to the Labour Relations Act. This was because the principles held that the constitution should be the supreme law of the land.

The clause was inserted for fear, among other things, that the LRA may contravene certain rights entrenched in the constitution, including those involving freedom of association and certain economic rights. Addressing these matters would require reformulation. In its reaction to the judgment,

Cosatu welcomed the ruling that the lock out clause did not enjoy the status of a universally accepted fundamental human right, with general secretary Sam Shlowa saying it vindicated the union's position.

However, he expressed concern over the court's ruling on the granting of individual employers collective bargaining rights. This concern stemmed largely from the view that, in giving effect to the court's ruling, the constitutional assembly might swing in the opposite direction and undermine centralised bargaining.

He warned employers against attempting to use the "opportunity of the constitution-making process to undermine hard-won centralised bargaining structures". Business SA welcomed the court's

acknowledgement of collective bargaining rights for individual employers and its opposition to the "shielding of the Labour Relations Act from constitutional review".

In regard to the lock-out, it was satisfied that the court had ruled that the constitutional right to bargain collectively implied the "right to exercise some economic power against partners in collective bargaining". Business SA was satisfied that the court did not find the right to lock out unconstitutional.

The court said "the right to strike and the right to lock out are not always and necessarily equivalent". It found the right to lock out was not universally accepted and was recognised in "only a handful of national constitutions and is not entrenched in any of the major international conventions".

Tension and frustration weigh on relations between govt, business

David Brink, Sankorp CE and former president of Business SA, sees strains developing in the relationship between government and business

(132) BD 13/9/96

ALTHOUGH present levels of dialogue and interaction between business and government on a broad front are still relatively active, signs of frustration and tension are starting to show. Business people are impatiently waiting for government to emerge from the so-called "learning curve" to start demonstrating the ability to govern and to manage the economy of the country.

The recent publication of the macroeconomic framework for SA in an assertive manner by government, accompanied by statements of its non-negotiability, were well received by business and investors both locally and abroad.

The framework is seen to have the potential, if one waxes lyrical, of moving the people of SA from a scenario of "frustration, conflict and tears" to one of "toil, sweat and joy". However, the realisation of this initiative can succeed only if most people support it and if business, labour and government all deliver their contributions in a more or less unselfish manner.

There are increasing signs, however, of fatigue setting in among business people. Almost gone are the days when the private sector volunteered enthusiastically to support the cause of the moment as they did, for exam-

ple, before the elections in providing material and other support for voter education. Business people are looking askance at the perceived management bungles in health, education, correctional services and the justice system.

Disenchantment giving rise to the first large-scale payment boycott by a predominantly affluent community in Sandton is evidence that those in the leadership echelons would rather pull back than get involved in funding bureaucracies established in the name of addressing "services backlogs" in other areas. (The funding on a project-driven basis to fix service deficiencies may be seen differently.)

Some of the more recent affirmative action moves are seen as ill-conceived and clumsy, threatening vital arteries to the economy such as the transport system, which is critical to the proper running of the country and for ensuring the reliability of exports.

Investors are starting to question whether the ANC-led government has the will or capacity to deal with escalating crime and violence, as they are the authors of a constitutional dispensation and a new democracy which is seen also to be working to provide a parole for all criminals.

Talk of accelerating levels of corruption and government's apparent indifference to the administrative chaos developing in the Eastern Cape adds to a growing feeling of dismay.

Against all this, the wonderful opportunities within SA are fully recognised and full credit is given to the sterling efforts of people in government and business to create a better future. It is always difficult to judge the true extent and effect of the multitude of business and individual efforts that are being made. One example is our recently departed colleague, Clive Menell, who worked tirelessly (mostly in the background) to make a difference. Other members of the old guard, such as Gavin Relly and Mike Rosholt stand out also, but there are many more unsung heroes in this category, unfortunately looking more and more like a "granddad's army" fronting up to the complications of the day. (There is perhaps justice in this because, to a large extent, we are faced with fixing the mess of our own making).

For SA to succeed in the future, we need to cross the threshold on which we now stand, towards a new private sector enthusiasm, the hall of which can be run with and delivered by youthful leaders. We need to move towards solving the problems which face SA and start setting up a "South African honey pot" to attract investors of all kinds and from all sources.

We need to grasp the challenges that lie before us, like the Maputo corridor, the 2004 Olympic Games, repositioning tourism, in particular ecotourism (where SA can become number one in the world) and a host more.

I have stressed the absolute necessity for co-operation between government and business but even with the best of that, we cannot rely on our own self-sufficiency to achieve all of our objectives.

South Africans need friends and allies more now than ever before. We will need to call on old friends and to develop new allies to help us along our way. We need guidance, expertise, education, financial muscle and a helping hand, not for esoteric reasons but for mutual satisfaction and gain.

I submit that SA will stand or fall in its efforts to become an emerging economic miracle on whether or not the business people of 1996 decide to "opt out" or remain "opted in".

□ This is an excerpt from a speech to the Harvard Business School alumni in Johannesburg earlier this week.

Facts via J.I. Lilly Concerns on participants

THE realities of global competition are forcing change upon both labour and business. It is necessitating the development of industrial strategies at a central level, complemented by flexible, plant level restructuring, which could ultimately put pressure on centralised bargaining structures.

For years, organised labour has waged battles around centralised bargaining. With "victory" in sight in a number of sectors, changes in the environment are provoking a shift in thinking.

Numsa official Chrus Lloyd says pure centralised or decentralised bargaining works in no one's favour.

After years of agitation by the Chemical Workers' Industrial Union, the chemical industry is gearing itself up for the establishment of an industry bargaining forum with seven subsectors. Industrial action in the petroleum sector has given rise to concern among employers over the future of centralised bargaining.

Employers have indicated they will reconsider their position as they begin to question whether centralised bargaining will deliver certainty and stability.

At the same time, Mercedes-Benz SA negotiated a separate wage increase at plant level outside of the national bargaining forum, which was linked to productivity gains. Thus, the company said, was to ensure compliance with the spirit of the three-year motor agreement which was supposed to link actual increases to the consumer price index.

Despite this move, which was forced on the union, the company too has indicated that it will reconsider its participation in the forum when the three-year agreement expires and has shown interest in the engineering industry and its recent agreement.

More recently, the signing of the mining industry wage agreement and a separate productivity agreement between the National Union of Mineworkers and Anglo has raised the need to redesign the existing bargaining forum to provide for differences between mining houses and between the gold

Recent sectoral wage agreements seek to accommodate the pressures of global competition, writes René Grawitzky

These developments raise crucial questions as to the type of bargaining structures both employers and labour could live with.

Many employers would prefer not to participate in centralised bargaining but, if forced, would prefer structures "without teeth". Others would not oppose the negotiation of certain core conditions at the centre.

They could contemplate negotiating minimum basic wage increases there, but providing flexibility to negotiate further at the plant, perhaps through agreements linking additional increases to productivity measures. Mercedes and Anglo's gold division chairman Bobby Godsell would fall into this category.

Another employer said the more companies faced international competition as a result of tariff reductions or free trade agreements, the more employers would want to negotiate basic increases at the centre supplemented by plant-level increases linked to productivity, so that the basic wage was a smaller percentage of the wage bill and the real money granted would be linked to plant productivity.

What of labour? The NUM and Numsa, for example, appear to agree to some degree of flexibility for plant-level negotiations in the face of plant or shaft closures. Unions like the Chemical Workers' Industrial Union would wish to negotiate more and more issues at the centre. These differences are linked, in part, to the fact that the NUM and Numsa have enjoyed centralised bargaining for years while the CWIU has had to fight for it. Also, chemical firms are mostly less labour intensive and labour costs are a less important cost component.

Where do these developments leave ground-breaking agreements like the motor assembly

BD 23/19/146 (132)

It has become evident that the motor agreement could become unstuck if the parties do not address core problem areas around interpretation, implementation and the type of flexibility built into the agreement.

Mercedes-Benz, in looking at the problems of the motor agreement, points to the failure to achieve some level of predictability and stability on core conditions such as wages so that the parties would be freed up to pursue innovative developments linked to productivity at the plant.

The fanfare accompanying the signing of the motor agreement last year covering more than 20 000 workers was missing during the signing of the engineering pact in one of the largest centrally bargained forums covering more than 280 000 workers. Why?

Numsa says the agreement represents only an "invitation to change" while employers indicate that because key provisions are voluntary it could mean "business as usual".

The engineering agreement further entrenches two-tier bargaining (that is, at both central and plant level) and introduces an industry productivity framework and a five-grade job and wage structure. The new model could facilitate multi-skilling and multi-tasking which could provide employers with flexibility.

Lloyd says the agreement provides for the possibility of short-term productivity gains as a quid pro quo for higher pay rates and enhanced job security.

The agreement would in itself not lead to increases in employment, he says, as even if SA companies become more successful they are already overstuffed. The net effect would, rather, be a stable workforce. Lloyd warns long-term job loss would result at those companies which do not adopt the strategy. Companies exposed to international competition will disappear if they do not adopt strategies to implement change.

Lloyd says the challenge to organised labour is to ensure that sufficient knowledge and resources exist at plant level so that workers will be able to make a contribution to restructuring.

Workers would oppose change if they are not involved or do not understand the need for it. The motor, engineering and mining agreements demand worker participation in plant restructuring — which requires knowledge and skills to direct change.

Crucial in this process, he says, is to reconstruct the language of productivity so that workers also feel an affinity for it.

Challenges for management are also far-reaching. Traditional top-heavy management structures will have to change, with more management directly involved in production, Lloyd says. Management also needs to start being honest with the workforce about what it is doing in terms of long-term plans, such as investments, technology and product lines.

Anglo American's Steve Lenahan says the engineering agreement provides the necessary flexibility for individual parties to design their own system for change. This is in contrast to the motor agreement which was "sold" on the basis that it would itself effect restructuring.

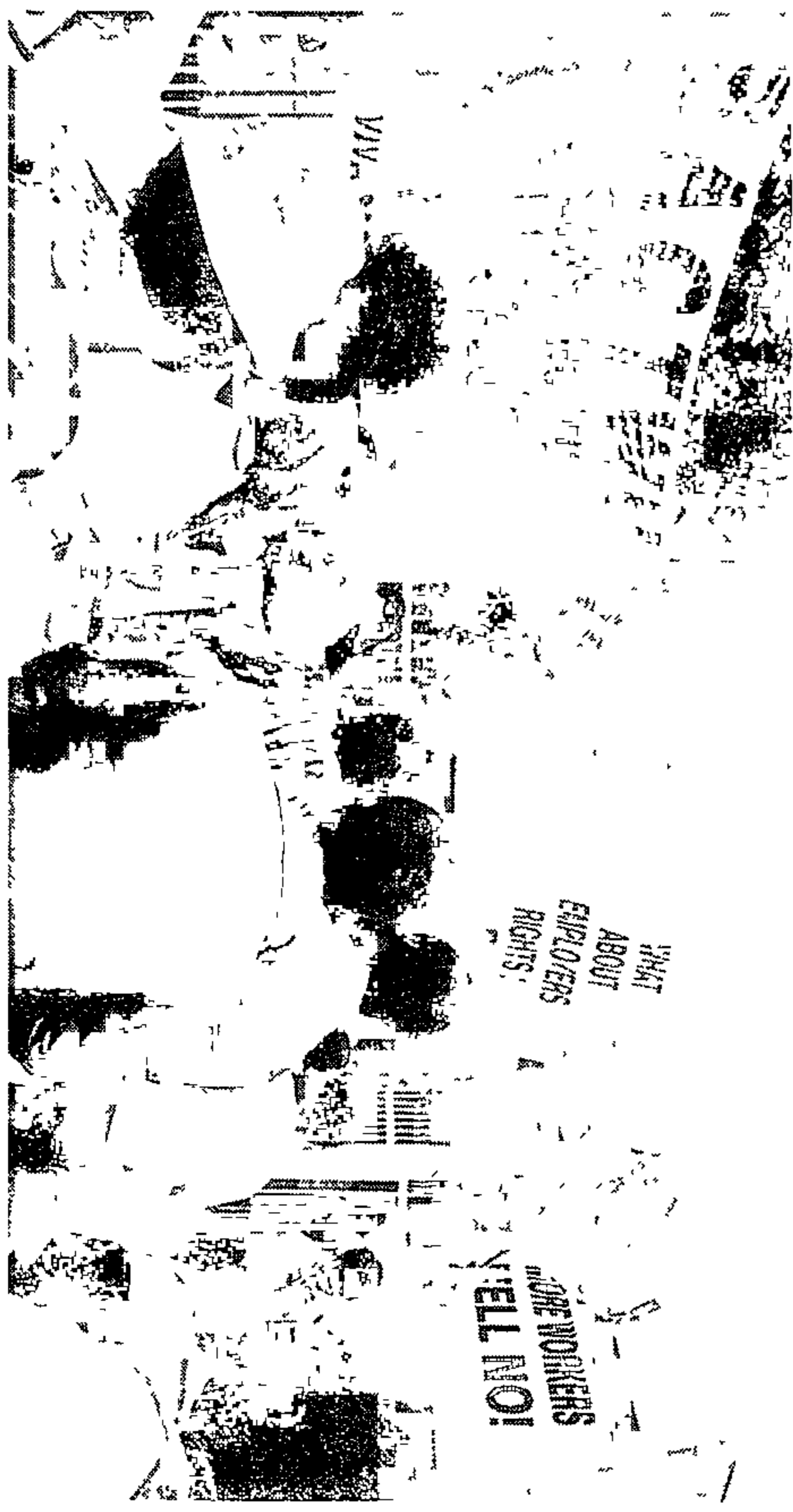
He says at this stage both employers and unions are being cautious about the extent to which the agreement can deliver.

Both Lloyd and Lenahan agree that the success of the engineering and motor agreements depend on government providing the right regulatory framework. Lloyd says the environment and legislation need to encourage high value added production. Therefore the industry requires a framework which encourages companies to move up the value chain.

The proponents of the motor agreement say the engineering agreement will never work because of its voluntary nature, while proponents of the engineering agreement say it attempts to accommodate the diversity of the industry and is not as rigid as the motor agreement.

In the end it is not a question of the text of either agreement but rather whether the parties have the capacity and will to implement the spirit of those agreements, both which are intended to provide the framework to achieve industrial restructuring.

The same could be true for the Labour Relations Act. Its intention is to send out the right message, but the question remains whether labour and management are capable of taking up



WHAT ABOUT EMPLOYERS RIGHTS, WELL NO!

THE WORKERS

Crucial step to labour compact

(132) CT 26/9/76

COSATU'S acceptance last week of the partial privatisation of some parastatal companies is a cautious but crucial step towards a new labour relations compact that can help South Africa cope with the formidable challenges of global competition

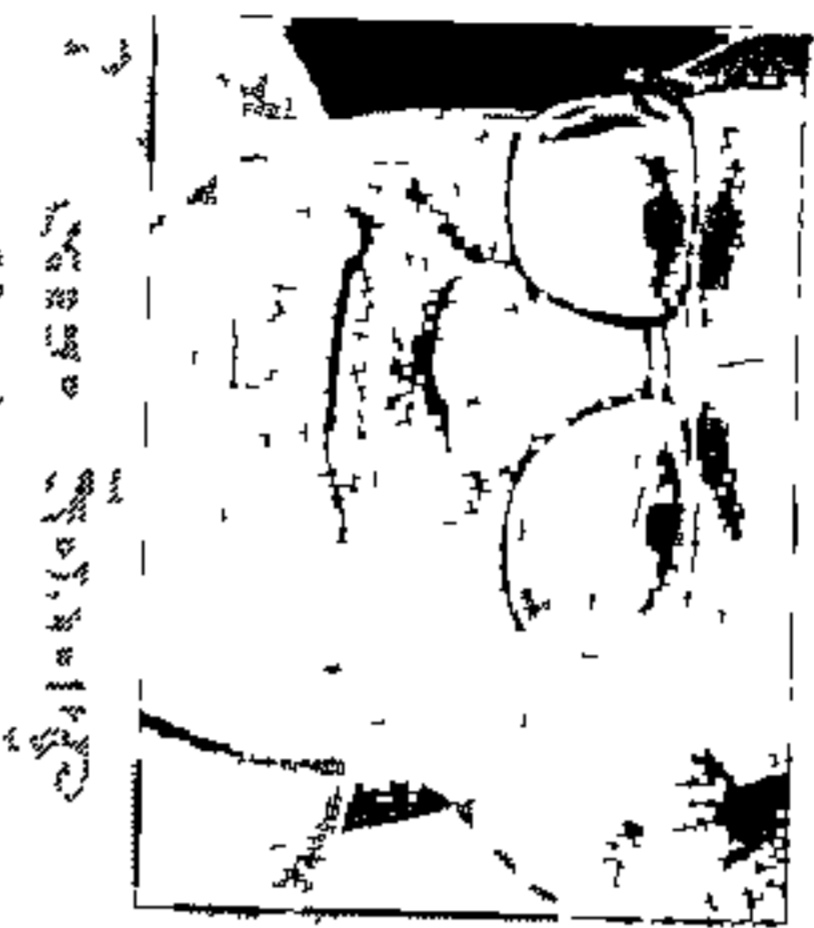
Some elements of the business Press have described the policy shift as a sign the labour federation is going soft. One headline said so in as many words — an observation as harmful as it was inaccurate

The decision in fact required considerable courage. Both business and unions have to move away from old, fixed positions if the accord is to be reached, and given our history of the racist exploitation of labour that is particularly difficult for union leaders

They may themselves be convinced of the need for pragmatism, but carrying their members with them is another matter

To mock them publicly for "going soft" every time they move is not going to make their task easier

In fact the throwaway carelessness of that headline told one more about some ideological fixations still prevalent in the business community than it did about Cosatu's leadership



ANOTHER COLUMN

Most business leaders are also undergoing a transformation and are growing in their understanding of the need for pragmatism and compromise. But there are still some whose ideas are set in Thatcherite concrete

One such persistent notion is that the only way to compete effectively in the global market is to emulate the newly industrialised Southeast Asian "tigers" and keep wages low so our exports will be competitively priced

This, it is said, will produce a steep growth rate and prosperity for all at a later stage

That's fine if you are a dictatorship like South Korea, China or Pinochet's Chile, and can call out the army to suppress any industrial unrest

But we are a new-born democracy in which such action is unthinkable, unconstitutional, and we have to take account of

political practicalities

To begin with, there is simply no way we could cut wages below the sweatshop levels paid in some of the Asian countries — China particularly, where workers from peasant villages are drilled like military conscripts and paid Dickensian wages. So we could never undercut their exports

Even more to the point, given our own long history of sweated labour on our farms and in our mines and factories — with the pass laws, the compound system, the Land Act, the Job Reservation Act and the whole conglomeration of institutionalised exploitation — it is the height of political naïveté to imagine that black unions might accept real wage cuts now in their hour of

Business and unions have to move away from old, fixed positions... given our history of racist exploitation of labour that is particularly difficult for union leaders.

liberation, or that a newly elected liberation government could consider imposing them

Any such attempt would provoke such a massive backlash as to shatter investor confidence

No, there is only one practical option as we face the challenges of the global market, and that is to win the co-operation of the unions

Through careful and continuous negotiations, the government, business and unions must build a social compact in which wage

restraints are traded for price restraints — at least on some non-export consumer items — and investment incentives to create more jobs

Stephen Gelb, of the Institute for Social and Economic Research at Durban-Westville University, has suggested an interesting formula for balancing wages and prices in such a compact

Wage increases, he says, should be limited to the consumer price inflation rate plus some share of productivity increase, while price increases should be in line with the producer price inflation rate

And the government, he adds pointedly, should set an example by keeping its own wage and price increases well inside these guidelines

Reaching such a social compact will be a difficult and probably a slow task. All social transformation is slow and in this case we have to move a long way from an adversarial past to a future of engagement and trust

But we have made an encouraging start. The new Labour Relations Act, which will come into force on November 11, and the formation of the National Economic Devel-

No, there is only one practical option as we face the challenges of the global market, and that is to win the co-operation of the unions. Through careful and continuous negotiations, government, business and unions must build a social compact...

opment and Labour Council (Nedlac), establish the framework for an institutionalised process of continuous negotiation. And now we have the evidence of an emerging spirit of pragmatism

There are those who say it is an impossible task and who point to the failure of Harold Wilson's attempts to implement such an incomes policy, balancing wage and price restraints in Britain during the 1970s. But several European countries succeeded where Wilson failed, as did Israel and as did Mexico

Not least of the advantages it brought to them was that negotiated restraints helped keep down the inflation rate, so that they were not required to use monetary policy as the sole control mechanism

As this column has noted before, our excessive reliance on monetary policy to control inflation is making our already dangerous level of unemployment worse, by keeping interest rates so high they are deterring risk investment and slowing job creation.

Which is a further compelling reason why a social compact is our only way forward!

Mbeki calls for strong unions and a firm

1992
BD 26/9/96

Renee Grawitzky

STRONG and independent trade unions and a strong ANC alliance were crucial to achieving a non-racial and democratic SA, Deputy President Thabo Mbeki told delegates to the fifth congress of the National Union of Metalworkers of SA (Numsa) in Kempton Park last night.

Mbeki said there were many who opposed transformation of the apartheid state inherited by the ANC, highlighting only the negative to the international com-

munity. The common challenge for all structures such as Numsa was to discourage such people who wished the government to fail.

Mbeki did not name the detractors directly, but said the loudest voices were those of the privileged. Such people wished to create the impression that government had failed as it had been unable to wipe out 350 years of colonialism and apartheid in its two years in office. The democratic state had to ensure that racist practices were removed, including the perpetuation of wage, income and skills

disparities.

Numsa general secretary Enoch Godongwana said debate at the union's congress would centre on macroeconomic issues, focusing on government's macroeconomic framework and state asset restructuring. On the political front the congress would review its 1993 resolution calling for the breaking of the alliance with the ANC and the formation of a workers' party.

Godongwana said the regions were evenly divided over strengthening the alliance or

breaking it.

In his secretariat report Godongwana adopted a pragmatic approach to government's macroeconomic policy. He said if labour wanted to intervene in the debate, it had to understand the framework, its faults, and what was and what was not negotiable. "Our bargaining may mean we have to use trade offs," he said.

Numsa's July executive meeting agreed that two principles would guide the union's discussions with government on the framework. Strategies were need-

ed to protect employment in the formal sector while laying the foundation for job creation, and a social welfare system improving the living standards of all South Africans should be put in place.

Congress would also be asked to take resolutions on government proposals for state asset restructuring, Godongwana said. Although Numsa rejected privatisation as the single answer to the issue of state assets, there were instances where it was possible for "a strategic withdrawal" in areas not critical to basic delivery

Delegates also had to develop proposals around restructuring at plant level and adopt policy on workplace forums, as envisaged in the Labour Relations Act.

Numsa president Mbulizeth Tom said workers across the globe were facing hard times as a result of competition and privatisation. Such changes had shifted the balance of power away from workers. The challenge in SA was to ensure this government delivered, not to overthrow it. Delegates should engage in developing constructive positions on productivity.

alliance

New Labour Act spells end for 'free riders'

(132)

(132)

Sametam 26/9/96

By Abdul Millazi

THE new Labour Relations Act is bound to change the face of industrial relations for the better, but workers will soon discover the ironies of democracy in the agency shop agreement clause.

The clause is aimed at protecting trade unions against "free-riders", and it entails that workers who choose not to belong to unions will now have to pay contributions equivalent to union members' subscriptions

According to labour and business analyst Joe du Preez, the purpose of an agency shop agreement is to deal with the problem of non-unionised employees benefitting from the fruits of unions' negotiations

"The union and its members spend a lot of time and money on collective wage negotiations, including on occasion the pressures of industrial action to achieve their demands.

"When they are successful, all employees in the bargaining unit whether or not they are union members, will benefit from the negotiated increase," says Du Preez

Another analyst Gavin Weiner says trade unions have bargained for years, proposing that non-union members should contribute towards union activities through the agency shop fee

The concept of an agency fee is an acceptable solution to the argument from non-union members that they have a right to refuse to join unions and freedom of disassociation

"By paying agency shop fee, they will retain their non-union members status but will no longer get a free ride on the union's back," adds Weiner

The LRA stipulates that the money should be paid into a separate account from that of the union. However, the account will be administered by the union to use for its activities

In instances where a worker objects to the provisions of the agency shop clause, the employer may be instructed to deposit the money into an account administered by the Department of Labour.

Weiner says employers will not be required to get authority before deducting from non-union members "They have no choice, they have either to pay up or resign from the company"

SA workers still weighed down by the legacy of colonialism, apartheid

History matters, says **Eddie Webster**, who looks at how SA's colonial legacy is shaping our present

(132)
PD 27/9/96

THE year-long delay in implementing the new Labour Relations Act has led some to question the appropriateness of SA's new labour regime. Indeed, in recent months all three "social partners" downgraded Nedlac to some extent, preferring bilaterals with their allies to tripartism.

Some are questioning whether the preconditions for corporatist-type decision-making exist in SA. It is argued that labour lacks the capacity to participate effectively in these "social democratic type institutions". Furthermore it is argued that government and employer associations have not demonstrated political readiness to accept union participation in policy making.

Does this mean, then, that we are on the wrong track? Comparative experience suggests otherwise. SA has put its finger on the key to successful economic reform in new democracies. Put simply, corporatist-type arrangements are the best way of carrying out a programme of economic reform during the transition from dictatorship to democracy.

But as Robert Putnam argues in his widely acclaimed book, *Making Democracy Work*, institutional history moves slowly. Social context and history conditions the effectiveness of institutions.

This does not mean that changing formal institutions cannot change practice. What it does

mean is that the path whereby the present has been reached influences the nature of the present.

Recent theorists of economic history have dubbed this feature of social systems "path dependence", where you can get to destinations on where you are coming from, and some destinations you simply cannot get to from here in the short term.

The implications are obvious: history matters. Nobel prize winner Douglas North has illustrated this point by tracing the post-colonial experiences of North and South America to their respective colonial legacies.

He says institutional patterns are self-reinforcing even when they are socially inefficient.

First, it is almost always easier for an individual agent to adapt to existing rules of the game than to seek to change them. Second, once development has been set on a particular course, organisational learning, cultural habits and mental models of the social world reinforce that trajectory.

In what way does our colonial legacy continue to shape our present? I would argue that it does it in very obvious ways. The nature of the transition process has left the key institutions of apartheid labour exploitation largely intact.

The first and most obvious example of the persistence of the past is the system of migrant labour on the mines.

The vast majority of today's 310 000 mine workers remain tied to a system that amounts to enforced migrancy.

A second example of the persistence of the past are the 250 000 labour tenants in the KwaZulu and Mpumalanga countryside. Labour tenancy emerged through the process of colonial conquest and dispossession.

The most significant example of the persistence of the past is what Naledi researcher Karl von Holdt has called the "apartheid workplace regime".

"Apartheid oppression" writes von Holdt, "was not something found only outside the factory, it was internal to the workplace and indeed structured management's relations with black workers."

The apartheid workplace regime is characterised by racism, adversarialism, a low investment in the skills of black workers, a non-identification by black workers with the goals of the enterprise, a lack of respect for procedure and, above all, "ungovernability on the shop floor".

At the core of the legacy of the past, then, lies a low-trust relationship between employer and employee. The building of trust is quite central to the new labour regime. Trust lubricates co-operation, and co-operation itself breeds trust. Trust, along with the norms of reciprocity that go along with it, improves efficiency.

It is, if you like, a form of social capital. Like other forms of capital — physical capital in the form of machines and human capital in the form of skills — social capital is productive, making possible the achievement of certain ends that would not be attainable in its absence. The absence of social capital is self-reinforcing. Distrust, shirking, disorder, intensify one another in a vicious circle.

Social capital is created when the relations among persons change in ways that facilitate more co-operative behaviour. But this virtuous circle takes time.

Contrary to popular expectations of rising income after 1994, experience elsewhere suggests economic reforms tend to engender a transitional decline in consumption. This is the dilemma facing new democracies: how to create incentives for political forces to process their interests within the democratic institutions, when material conditions continue to deteriorate in the short term.

The point is that institutional change moves slowly. Where institution building (and not mere constitution writing) is concerned, time is measured in decades.

Those concerned with building new institutions to make democracy work in SA should lift their sights beyond instant results.

□ *Webster is professor of sociology at Wits University.*

Numsa urges workers to change approach

(137) Star 27/9/96

By Goba Ndhlovu

National Union of Metalworkers of SA general secretary Enoch Godongwane, in what observers interpret as a change of tack, has appealed to South African workers to adopt a give-and-take approach when bargaining with the Government over the micro-economic strategy

Godongwane made his appeal on the second day of Numsa's fifth national congress at the World Trade Centre in Kempton Park yesterday. It was attended by hundreds of delegates, including foreign observers.

Godongwane cautioned, however, that the flexibility of unions on labour market issues would depend on the state also being flexible on social welfare problems.

Cosatu had initially expressed opposition to the Government's micro-economic strategy, announced in June by Finance Minister Trevor Manuel.

The aim of the strategy was to restructure the economy and encourage the privatisation of state assets. A wave of strikes

followed Manuel's initial announcement.

Godongwane said that in taking Numsa's programme forward, union members had to be practical and be guided by their socialist ideology. He said congress had to closely examine the state's role in labour and economic matters.

During a prolonged debate, the only amendment discussed was the structure of the union's finance committees.

A motion to elect a treasurer, doing away with the finance committees, was amended to accommodate both - a treasurer would be elected as part of the finance committees. The general secretary of the Metal Workers' Union of Mozambique, Rui Khosa, nearly brought the house down when he broke into song.

He said the song was the late Samora Machel's favourite during the struggle for liberation in that country. He sang it to pledge solidarity with his union's counterparts in South Africa.

Letta Mekhudi, administrative officer of the Metal and Allied Namibian Workers' Union, called for the unification of workers in Africa.

Numsa seeks to reverse resolution, confirm future alliance with ANC

Reneé Grawitzky

(132) BD 30/9/96

FOLLOWING heated debate on the future of the alliance with the ANC, Numsa delegates resolved at the weekend to reverse the union's 1993 decision which called for an end to the alliance and the formation of a workers' party.

A compromise resolution adopted would provide the union's central executive committee with the flexibility to decide to review the status of the alliance from time to time.

This compromise resolution was crafted by Numsa general secretary Enoch Godongwana in an attempt to bridge the divide between two opposing positions adopted by various regions.

Godongwana said the need to retain and strengthen the alliance was motivated by the belief that labour had to mobilise communities through the alliance to achieve its objectives outlined in an economic platform also adopted by the union's congress.

Godongwana said the union's economic platform had to be popularised through all structures and the alliance was the vehicle to mobilise support.

The resolution would also encompass the call for an alliance summit to debate issues around problems being experienced by alliance partners.

Two opposing positions dominated the conference with three regions calling for an end to the alliance and six regions calling for the reversal of the 1993 resolution with the aim of continuing and strengthening the alliance.

KwaZulu-Natal, Western Cape and Wits regions called for an end to the alliance on the basis that the alliance existed only on paper and that the ANC took decisions without sufficiently consulting alliance partners. The Western Cape said the RDP had been abandoned and campaigns need to be launched to "save the RDP". The region also called for a revival of mass democratic movement structures to replace the existing alliance.

SACP deputy chairman Blade Nzimande said in his address to delegates that key government policy issues had to be properly debated within alliance structures before being adopted. He acknowledged that there had not been adequate consultation on government's macroeconomic policy, particularly within the alliance. This, he said, raised crucial questions as to how the alliance "is to impact on and guide government policies in the future".

He said however, that the ANC National Executive Committee resolved that all structures should discuss and debate the macroeconomic policy. "After that process a lot will come out that will enable the movement and the alliance to implement the RDP."

In the face of globalisation which had effected a shift in the balance of power, "we should be seeking to develop a whole range of forms of economic ownership that advance the interests of the working class". Such initiatives could include joint ventures, he said.

He stressed that there was a need to challenge the notion that black economic empowerment implied the development of a black bourgeoisie or a "patriotic bourgeoisie". Black economic empowerment, he said "should be rescued" to ensure the empowerment of broader society.

Affirmative action should also be placed on the agenda of labour as a collective bargaining item. Affirmative action should not become a strategy benefiting those already better off, he said.



Barnato Exploration Limited

No 88/03756/06)
Republic of South Africa)

Notice to members General meeting

Members of Barnato Exploration Limited will be held at the 1st Floor, 1st Building, Corner Fox and Harrison Streets, at 08:30 for the following purposes:

1. To elect directors for the year ended 30 June 1996.

2. To elect members of Association.

3. To elect the directors.

4. To determine the primary shares under the control of the directors.

5. To determine the reserve shares for cash.

'Alliance must regroup over RDP to survive'

Government and unions beg to differ

CT (MR) 9/10/96 (132)

JAMES LAMONT

INDUSTRIAL EDITOR

Johannesburg — The survival of the alliance between the government and the trade union movement depends on the revival of the goals of the Reconstruction and Development Programme (RDP), Enoch Godongwana, the general secretary of the National Union of Metalworkers of South Africa (Numsa), said yesterday.

Godongwana said that though the alliance partners had broadly agreed on a vision for transformation, government policy, especially the macro-economic strategy and the down-grading of the RDP, had broken from it.

"In theory we work together, but in practice we don't find time to work together," he said, adding that "one or two ministers" found the unions an irritation and would gladly be rid of Cosatu.

At Numsa's fifth national congress last week three regions called for an end to the alliance and six regions called for a renewed commitment to it.

Godongwana said that without the alliance the unions would not have won the exclusion of the lockout clause from the constitution and the labour legisla-

tion. "In the absence of a programme, our central committee would continually assess whether it is worth our being in the alliance or not," he warned. "The question is what unites us. The RDP is fundamental for taking us forward and is the vision for transformation."

Godongwana said Numsa was opposed to the government's macro-economic plan, which advocated a reduction in the budget deficit and a tightening of monetary policy. "That document has all the elements of the prescription of the IMF and World Bank for developing economies."

He said the congress had identified economic transformation as "where the battle is" and had begun to formulate the union's own economic platform as policy proposals. He said the union had agreed on a universal social welfare system and trade and industry policy as two areas where they could influence government policy.

Numsa's newly elected executive committee is Godongwana, general secretary; Mtutulezi Tom, president; Mbuyiselo Ngwenda, deputy general secretary; Vincent Mabuyakhulu, first vice-president; Charles Bezuidenhout, second vice-president, and Omar Gerie national treasurer.

Govt fed up with Nedlac - Pityana

(132) Sowetan 2/10/96

By Abdul Milazi

THE GOVERNMENT IS fast becoming frustrated with the National Economic Development and Labour Council (Nedlac) and its role in the formulation of state policies

Director-general of the Department of Labour Siphon Pityana said Nedlac was currently an obstacle which slowed down the policy making process and Government departments' overall delivery capabilities

"There is a growing resentment in Government over Nedlac and the provisions of the Nedlac Act which stipulates that all laws that have a social and economic impact should go through Nedlac"

Pityana said Members of Parliament also resented the fact that they were just rubber stamps, required only to make official what had been agreed at Nedlac

Had it not been for Nedlac's slow-

MPs resent the fact that all they have to do is sign agreements

ness, the Department of Labour would have achieved half of the contents of its five-year delivery plan

"Government bureaucracy is slow, then you have another structure (Nedlac) which is even slower. It just doesn't make sense

"People want results and with the way Nedlac is working we will not be able to meet the 1998 deadline for our five-year plan. We need to be judged by decisions we take in good faith with our shortcomings, than no decisions at all"

Pityana said Nedlac was still needed as a platform for debate but its scope should be narrowed to ensure speedy delivery by Government departments

"In recognising the success of Nedlac, we should not hide its short-

comings".

He charged that the formulation of Government policy was a two-way process and should be treated as such by Nedlac

"Currently it is only Government policy proposals that are scrutinised at Nedlac. What business and labour does will impact on the success or failure of the Government. Why are their policies not scrutinised?" he asked

Nedlac should not see its duty as merely influencing Government policy but should look at influencing business and labour as well

He explained that according to the Nedlac Act "everything that we as Government have already discussed with stakeholders has to go to yet another stakeholder"

Unions move towards new unity — Fedsal

Reneé Grawitzky

(132) BD 2/10/96

RECENT developments pointed to independent unions increasingly seeing the merit in either merging or joining established union federations, Federation of SA Labour Unions (Fedsal) general secretary Dannhauser van der Merwe said yesterday.

Van der Merwe said unions were increasingly "feeling the pinch" of being outside structures such as the National Economic, Development and Labour Council. In line with such develop-

ments, Fedsal's membership had increased from 225 000 to 250 000 after the SA Typographical Union (Satu), with an estimated membership of 23 000, became a new affiliate.

Satu was represented in the paper, printing and related industries and was party to discussions in those sectors in the move towards centralised bargaining.

He indicated that in recent months, an increasing number of independent unions had either merged or were considering joining union federations.

to cents each. Shareholders holding 95,95 per cent of the share

Business and labour commit themselves to transformation of economy

Randé Grawitzky

WORKPLACE restructuring and productivity was given a boost yesterday when labour and business committed themselves to a nationwide programme which would lay the foundation for the transformation of the SA economy.

Speaking at the launch of the workplace challenge initiative — a joint Nedlac-National Productivity Institute project to address productivity and other workplace issues — Nedlac executive director Jayendra Naidoo said the initiative intended to create the environment in which people could make decisions on effecting change in the workplace.

Naidoo said that at a time when domestic markets were under pressure because of trade liberalisation, strategies had to be developed to enable industries to become internally competitive.

In view of such realities, Nedlac's trade and industry chamber developed a programme which would help forge a partnership between labour and business to address the "historical decline" in productivity.

The workplace challenge initiative was in three phases, Naidoo said. The first two related to a series of countrywide workshops with representatives from labour, business and government. These would create a "base for dialogue on productivity". Discussion would explore industry restructuring and assist parties in designing objectives and implementation processes. The third phase would relate to the actual implementation of workplace change.

Nedlac facing tough negotiations

semetan 14/10/96
By Waghied Misbach
Political Reporter

THE National Economic Development and Labour Council will focus on a "higher rate of delivery" next year as part of its programme to implement economic and social agreements reached in its chamber

Writing in Nedlac's annual report, executive director Mr Jayendra Naidoo says that "much still needs to be done to strengthen and expedite the Nedlac process"

The organisation brings together business, labour and government to achieve consensus on important economic and social policies

He says that the time needed to implement agreements and establish multipartite structures needed to be shortened

Nedlac provides assistance to its various partners to build capacity, but this has proved insufficient

"A more substantial policy framework is required to facilitate meaningful agreement-making and to avoid a repetition of debates on

(132)
different issues"

To ensure that a "coherent" outcome emerges from Nedlac negotiations, the organisation is currently holding a number of planning meetings to "identify an agenda for a national agreement" and an approach which will serve to guide the negotiations and policy discussions taking place in chambers

Nedlac faces a number of tough negotiations next year and this includes

- Negotiations on a public sector procurement reform to assist in small business development,

- Discussion of competition policy,

- The development of a work programme to increase participation of business, labour and government in the policy discussions of the Southern African Development Council and Southern African Customs Union,

- Consideration of the White Paper on Tourism before final legislation is passed in Parliament,

- Reaching finality on a strategy to restructure the liquid fuels industry,

- Consideration of a number of outstanding issues in its labour chamber, including the Green Paper on employment equity and the White Paper on Human Resource development, and

- Discussion of the budget reform

Labour willing to reopen discussion on social accord

John Dlodlu

BD 15/10/96 (132)
FRESH attempts would be made to negotiate an overarching social accord on growth, despite major differences between key social partners at the National Economic, Development and Labour Council (Nedlac), labour sources said yesterday.

Efforts to hammer out an accord hit a snag earlier in the year following the release of two contrasting documents, first by business and then by labour.

The business paper, drafted by the SA Foundation, calls for a two-tier labour market, a reduction of the fiscal deficit and for billions of rands to be raised through brisk privatisation.

National Council of Trade Unions assistant general secretary Mahlomola Skhosana said yesterday that the accord — the content of which would have to be negotiated — was more important than “a series of piecemeal agreements”, and new efforts would be made by labour to reopen talks on the issue at Nedlac.

Skhosana's comments come almost a week after Enoch Godongwana, general secretary of the Cosatu-affiliated National Union of Metalworkers of SA (Numsa), said that “all stakeholders must also seriously consider the issue of a formal agreement”.

Like Skhosana, Godongwana conceded in his presentation to parliamentarians that some trade-offs might have to be made to achieve consensus on issues such as business's commitment on fixed investment and human resources, government's determination to make more investment through foreign borrowings and amendments to the present industrial strategy.

The conflicting economic documents prepared by business and labour — which seriously impaired relationships between the two stakeholders — saw the debate on the growth accord moving from centre stage at Nedlac.

In its place business inclined towards a “series of various agreements” as common ground would be easier to achieve this way than with a compre-

Continued on Page 2

Social accord

(132)
Continued from Page 1

BD 15/10/96
hensive social agreement on growth.

Skhosana said a social accord should include issues such as productivity and job and social security. Compromises would be determined by “what employers give”.

Labour sources said although business and labour were still poles apart on economic management, this should not prevent compromises.

Skhosana said government, as an employer, also had a role to play in cobbling the accord together.

A Cosatu official said yesterday while differences still existed among Nedlac partners, the labour movement felt discussion could begin “on broader issues”. No formal position had been taken by the federation.

In July initiatives to achieve an agreement on wages and prices — as suggested by the government in its macroeconomic strategy — failed after the cancellation of a workshop organised by the Centre for Policy Studies.

Confrontation still plagues labour relations

Star 15/10/96 (132) (S)

High expectations of workers thwarted by a slow, outdated collective bargaining system, according to mediation expert

By GOBA NDHLOVU

South African labour experts agree that the confrontational approach and high expectations were the main factors contributing to industrial action during wage negotiations this year.

This included the current historic work-to-rule dispute by South African Aviation, Engineering and Allied Union (SAAEAU) and the South African Airways (SAA) who countered with a lock-out.

Wage disputes accounted for 59% of man-days lost up to the end of September this year. Other strike triggers for 1996 are grievances (35,5%), discipline (2,8%), retrenchment (1,9%) and recognition (0,8%).

The experts also agree that failure to follow negotiation procedures and misunderstanding the collective bargaining system are no longer contributory factors to deadlocks and labour disputes. Unions have mastered collective bargaining, while managements have always had the advantage of using consultants or other skilled negotiators.

Alistair Smith, national industrial dispute resolution services director of Independent Mediation Services of South Africa, said a culture of confrontation between wage negotiation parties in South Africa was embedded in the history of the struggle for political and economic freedom waged over the years.

He said unions saw management not only as the party which refused to raise their wages, but also as oppressors. Up to this year managements usually had a problem disclosing such basic information as whether the company

had made a profit or loss.

Smith said companies saw workers as a group who sought wage increases without being productive. But differences in approach between the two parties eventually led to a power struggle which did not end at the workplace. It spread into their political and social lives.

He also criticised the collective bargaining system as outdated, although the negotiating parties understood it. Why it was outdated was the length of time taken to settle

Grievances, discipline problems triggered disputes

Said Smith "In the recent negotiations between the National Union of Mineworkers (NUM) and the Chamber of Mines, 20 sessions of bargaining had been gone through before IMSSA intervened. But still, 14 sessions of mediation with long hours from 9am until midnight were spent before settling. This looks frightening and wasteful."

He added that the system also varied from company to company and plant to plant. Most unions reached agreement with their managements, making for numerous differences in recognition made. Mediation, and in some cases, arbitration were built-in steps into recognition agreements.

Sun International chief negotiator Peter Czakan said increased expectations among workers provided an important spark in the

strikes and other forms of industrial action especially after the democratic elections of 1994. He agreed with the Andrew Levy and Associates statistics showing that wage disputes made up 93% of man-days lost in 1995, a year after the elections.

"I found that Saccawu has very capable negotiators. But they are operating under pressure to deliver against very high expectations. Once they fail to obtain members' demands, industrial action is forced on them," he said.

De Beers' industrial relations consultant, Shane Leisegang, said "Unions believe they will get the best deal if they stretch their demands far enough - just short of a strike. But as often happens, the band snaps and the leadership find themselves having to call for industrial action."

Commenting on the SAAEAU industrial action, labour consultant Kevin Brown said it was the first time since the 1970s (since the miners' strike) that a predominantly white trade union took up such a hard position. "The technicians may have been angered by the huge pay increase SAA gave to pilots recently. But there is also the fact of flexing its muscle just not to be outdone by Cosatu and its affiliates," said Brown.

National Union of Mineworkers (NUM) spokesman Ben Molapo attributed the deadlocks to management's greed for profits. Molapo said it did not matter how reasonable union demands could be - they were always met by strong resistance from companies.

Said Molapo "They see our demands mainly as costs. But we must make a living. We must return to work again and again. That's why we demand a living wage."

Workplace forums can achieve a lot

(132) Saweera 18/10/96
By Abdul Millazi

WORKPLACE forums will empower workers, improve productivity as well as global competitiveness if properly implemented, says labour consultant Gavin Weiner

The forums are provided for in the new Labour Relations Act

Weiner says workplace forums are aimed at promoting the interests of all employees and enhancing efficiency as they require management to consult employees on certain issues affecting them

The prerequisite for a workplace forum is the presence of a majority trade union "In order for a workplace forum to be established at a plant, there must be a representative trade union in place

"Smaller organisations and those which are non-unionised cannot establish a workplace forum However,

there is nothing to prevent them from voluntarily setting up a similar forum, although this will have no statutory powers"

Weiner points out that any majority union can apply to the Commission for Conciliation, Mediation and Arbitration for a workplace forum to be established and the employer cannot refuse

Assist parties

"Once the CCMA is satisfied that the requirements are met, it will appoint a commissioner to assist the parties in establishing the forum," Weiner adds.

The appointed commissioner then helps the two parties to draw up the forum's constitution, but if they cannot agree he drafts it according to the requirements of the LRA.

The LRA stipulates that the workplace forum should meet regularly.

Mboweni sees a revolution in labour relations

BD 18/10/96

(132)

Linda Ensor

CAPE TOWN — A major revolution is taking place in SA labour relations which is moving away from an adversarial system towards one of greater co-operation, says Labour Minister Tito Mboweni.

Addressing a National Business Initiative seminar yesterday on proposals for an employment and occupational equity statute, Mboweni said the intense confrontational approach traditionally adopted by the parties was subsiding.

This changed attitude was reflected in the three-year agreement on wages, working conditions and training signed recently by the National Union of Metal Workers of

SA (Numsa) and the metal, engineering and motor industries.

Mboweni also cited the mobilisation by trade unions of their pension and provident funds for investment in company shares. "That is a major revolution, to have to accept the role of investment and, yes, that dreaded word, profits. That is a major new development."

Regarding the department's policy proposals on employment and occupational equity, Mboweni said the comments received would be incorporated into a draft Bill which would be taken to cabinet and then to Nedlac. The agreed Bill would be presented to Cabinet again and then to Parliament.

In terms of the proposals, companies

would have to submit to the department their plans to achieve equity, formulated in conjunction with workers. The plans would be legally enforceable.

Responses had covered a wide spectrum of issues including some which dealt with the status of women.

"There are people who believe that white women are not discriminated against and are not a special category for consideration by this Bill.

"They argue that white women have been equally advantaged as white men. I don't agree with them. It is incorrect, or how else would you explain that white women are poorly represented in the top structures of business?" Mboweni said.

EU urges govt, labour synergy

RD 21/10/96 (132)

Reneé Grawitzky

THE SA labour movement and government together had to address development challenges, European Union ambassador Erwan Fouéré said on Friday.

Speaking at the launch of the Labour Development Trust, funded by the European Union (EU), Fouéré said SA was facing key internal and external challenges that required the development and building of skills.

External challenges, he said, did not only involve market access but moves to ensure SA products were competitive.

Fouéré said SA's link with the EU could be traced back to the days of apartheid, when funding was channelled through various sources. Europe was now one of SA's largest trading partners, absorbing 40% of SA's exports.

Fedsal general secretary Dannhauser van der Merwe said the board of the trust would coordinate programmes aimed at strengthening and providing skills to the labour movement.

It would set up programmes which would support union leaders, shop stewards and members, enhancing legal and negotiating skills and their understanding of

macroeconomic issues.

Deputy director-general for labour Les Kettleidas said such an initiative would take government's commitment to strengthening civil society forward. He said it was acknowledged that the unions had been "drained of a lot of capacity, and we owe it to the labour movement to support capacity-building initiatives."

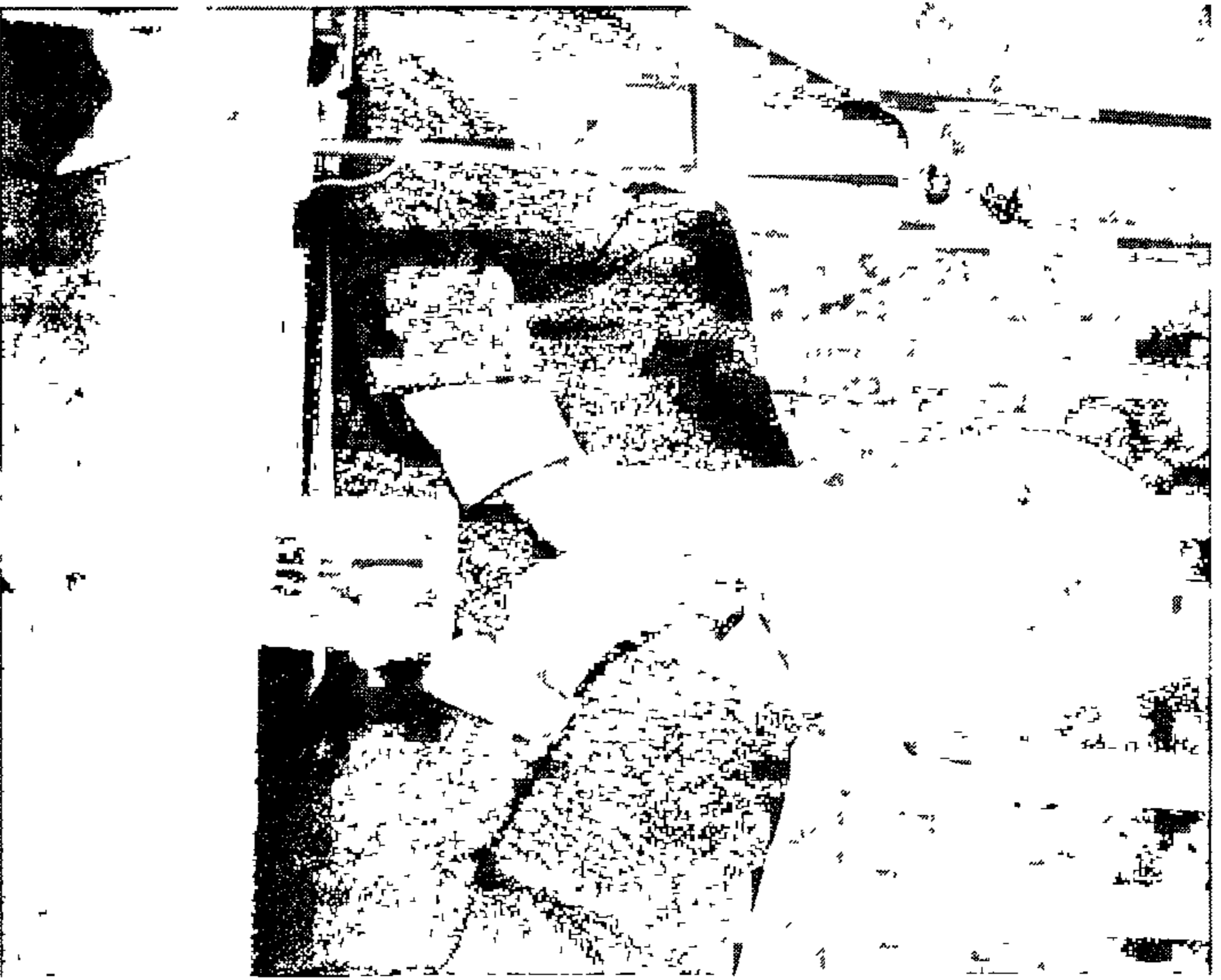
Chris Gilmore of the Italian trade union CGIL emphasised that the days of generic anti-apartheid solidarity was over and that projects with SA were considered like any others.

The board of the trust would have to work hard to follow accounting procedure, he said.

Cosatu assistant general secretary Zwellinzima Yavi said labour welcomed the EU's intention to develop a more systematic approach to funding for labour.

"What has also been crucial for us has been the move from a purely donor-driven approach towards the setting up of a consultative process."

The board of the trust will comprise six representatives from three local union federations — Cosatu, Nactu and Fedsal — and two observers from the EU and the labour department.



European Union ambassador Erwan Fouéré at the launch of the Labour Development Trust, which he said was crucial in maintaining a vibrant civil society — one of SA's unique strengths. Picture: TREVOR SAMSON

Labour gets active

Mtg (mm) 25/10/96 (132)

New funds will assist the trade union movement on the road to consensus-building, reports **Fay Davids**

TRADU unions are learning that it's easier to toy-toy than to talk trade and tariffs. The path of negotiation and consensus-seeking at the National Economic Development and Labour Council (Nedlac) is throwing new challenges in labour's path and unionists often have difficulty keeping up with technical and arduous negotiations.

But a range of plans (and funds) to aid labour will soon kick in to give economic tripartism the injection it needs. After the first three years of joint government-business-labour decision-making, cracks are beginning to form.

"We have to move from struggle-unionism to more active engagement," says the Congress of South African Trade Unions (Cosatu) assistant general secretary Zwellinzima Vavi. The challenge is growing more urgent. Until now, negotiations at Nedlac, headed by Jayendra Naudoo, centred on labour market issues such as the new Labour Relations Act. That's familiar territory where labourites are comfortable.

"Now we have to turn our attention to macro-economic and development issues," says Ebrahim Patel, labour

co-ordinator at Nedlac.

The labour bloc at Nedlac is thinly spread and looking for new ways of flexing its muscle in negotiations about labour market policy, trade and industry, public finance and development. "It's a constant balancing act between Nedlac work and trade union work," says Patel.

To him falls the task of ensuring that all negotiations are covered — and covered well — and that fortnightly deadlines are met. Most of his team works double shifts. Many of them lead trade unions as well as head negotiating teams at Nedlac. "If we have resources we can do

It's a constant balancing act between Nedlac work and trade union work'

better things," he says. Other participants at Nedlac are less optimistic about labour's ability to keep up. They complain that labour misses meetings and deadlines. But the Nedlac insider acknowledges that "capacity may really be a problem".

Labour knows there are problems and plans to iron them out. For starters, Cosatu has just agreed that 200 leading shop-stewards will be released to deal solely with making sure that news about Nedlac negotiations reach the shop-floor.

Patel is concerned that South Africa should not follow the Australian example where trade unions grew increasingly distant from their members in tripartite negotiations. "We have to convert negotiating positions into mandates."

But the successful communication of big picture economic negotiations requires skill. Patel says part of labour's training plan is to begin lobbying universities to tailor-make courses for trade unionists. "Universities all offer MBA courses for business. They can do similar things for labour." Talks with the University of Cape Town are under way to start such training programmes for trade unions.

But plans like this cost money. Unions will be significantly helped by a R23-million fund from the European Union handed over last week. The money will be used to start the Labour Development Trust, which will be jointly run by the country's three leading federations: Cosatu, the National Congress of Trade Unions (Nactu) and the Federation of South African Labour Unions (Fedsal), as well as by the government and the EU.

Erwan Fouéré, the EU's ambassador to South Africa, said the grant was meant to maintain a "vibrant civil society and to help the trade union movement respond adequately to the challenges facing the country".



Jayendra Naidoo: Throwing out new challenges PHOTO KAREN HARVEYSON



Ebrahim Patel: Turning to macro-economic issues PHOTO WILLIAM MATLALA

Pathway to a training institute

Fay Davids (Mtg) (BM) 25-31/10/96

ABOUT is about to give birth to a new training institute in the mould of those common in most social democracies.

After long delays in the disbursement of money from a government fund to aid civil society, the contract to set the institute in stone is set to be signed before the end of October.

The college will be called *Ditsela* (which means "pathway" and is also short for the Development Institute of Training, Support and Education for Labour). Ditsela will be the first project approved from the R4.5-million fund.

The government's civil society fund was started to bolster and support trade unions, civics and non-governmental organisations (NGOs) and enable them to use, understand and educate their members about a plethora of new labour legislation being planned by the Labour Department.

Labour Department spokesman Jerry Matjatladi says the department has received a number of applications for funding from NGOs, civics and trade unions. "Most haven't been able to justify their proposals." He complains that business plans received have not been watertight and organisations that applied have not clearly stated whom the money will benefit.

Plans for Ditsela have finally passed muster. It will be based in Gauteng and funding is secured for the first year of operation. The institute plans to train student unionists in leadership development and various other skills. "If the beneficiaries of the new laws don't understand them, then they are purposeless," says Matjatladi.

That's where the training institute is expected to fill a crucial gap. "We have to train a new cadre of leadership to rise to the challenge of the new ways," says Cosatu's assistant general secretary Zwellinzima Vavi.

Nedlac's up and running with Unions, labour and management are edging to

ABOUT 18 MONTHS SINCE ITS CREATION, THE NATIONAL ECONOMIC DEVELOPMENT AND LABOUR COUNCIL (NEDLAC) IS STARTING TO PLAY THE ROLE IT WAS DESIGNED TO FILL - REACHING CONSENSUS ON SOCIAL AND ECONOMIC POLICY AHEAD OF PARLIAMENTARY DISCUSSION ESTELLE RANDALL SPOKE TO NEDLAC EXECUTIVE DIRECTOR JAYENDRA NAIDOO ABOUT PROGRESS MADE AND PLANS AHEAD

Reaching consensus on the new Labour Relations Act was the first major agreement with which the National Economic Development and Labour Council (Nedlac) had to grapple "I thought I'd made the biggest mistake of my life," recalls Jayendra Naidoo Nedlac's executive director, of what has been described as "torturous" negotiations

"Neither labour nor business wanted me to act as facilitator and the Government didn't want the draft bill changed too much."

Fresh from the labour movement, where he had been general secretary of the SA Commercial, Catering and Allied Workers' Union and active in Congress of SA Trade Unions peace efforts in KwaZulu Natal, Mr Naidoo was no stranger to the cut and thrust of adversarial positioning

But then he had operated from a clearly defined constituency, as a comrade

In Nedlac, he had to build a new, broader non-partisan legitimacy

"At first, I had no knowledge of what instruments of pressure I could use in shifting them to agreement But I found the main thing was to keep talking to them and communicating in an open way If someone did something dysfunctional I would go to them and speak about it,"

Although likened to an operation minus anaesthetic, the negotiations did produce a new Labour Relations Act, one which enjoys a degree of consensus to which few other laws can lay claim

Its coming into operation next month marks a new era for labour relations and bargaining and a coming of age for Nedlac

Nedlac is an important element in the Ministry of Labour's five year plan to change the world of work in South Africa

The plan is based on the vision that sustainable economic growth is closely tied to democratising the workplace, that a democratic and prosperous society needs employment creation and that labour is not a cost to be minimised, but an asset whose full potential should be realised

Successful implementation of the plan and its vision depend on disciplined, sophisticated negotiation to make joint decisions on social and economic policy

The Nedlac Act, which Parliament passed in 1994 says the institution must promote economic growth, participation in economic decision making and social equity

It also must seek to reach consensus and conclude agreements on social and economic policy and consider changes to these policies before they are implemented or introduced in Parliament

The new Labour Relations Act, itself, as centrepiece of the five-year plan, will complement the consensus decision-making which Nedlac was designed to cultivate

The act provides the sector, industry and workplace framework for joint decision making by entrenching and extending many rights already won through shopfloor negotiations

But at a national level, cutting across specific sectors of the economy, Nedlac will continue to institutionalise joint decision making on South Africa's broader economic development

Mr Naidoo says "After 18 months of Nedlac, parties are moving towards greater consensus on strategy and there is greater communication which could develop into a common paradigm on the ground"

During its first year, Nedlac reached agreement on the new Labour Relations Act, support for Government ratification of six International Labour Organisation conventions, the Mine Health and Safety Act, establishing a national investment promotion agency, creation of a competitiveness fund to support small, micro and medium enterprises, agreement on the Small Business Development Bill, amendments to the Insolvency Act and establishing an advisory committee to investigate creation of a national development agency to channel funds to non governmental organisations

While this kind of specific agreement-making continues, there are attempts to identify core overarching issues on which the social

partners should be seeking consensus

The Nedlac secretariat also facilitated talks between the Government and labour on the restructuring of state assets which resulted in the National Framework Agreement of February 1996

This agreement set out how state asset restructuring should occur and what its broad objectives should be

Nedlac's highest decision-making structure is its executive council which meets quarterly

A management committee meets monthly to oversee and co-ordinate work of the four Nedlac chambers - trade and industry, labour market, public finance and monetary policy and development

It is in these four chambers, which meet every two weeks, that much of the substance of Nedlac's work happens

Each Nedlac chamber is evolving in a distinct way, setting its own momentum, says Mr Naidoo

He despairs somewhat that the Labour Market Chamber is still "very bargaining oriented", and hopes it will move beyond the traditional positioning

He concedes, though, that the chamber's orientation is partly reinforced by

Now, we've begun to get business and labour thinking about things and debating the options



Labour man: Nedlac's executive director Jayendra Naidoo, who describes the negotia-

the kinds of issues coming its way, these being new labour laws, such as those on employment equity and minimum standards

"But the trade and industry chamber is very different," says Mr Naidoo, "there's more space for strategic discussion This is new for unions, business and even government

Every six months, the chamber has a strategy session where attempts are made to develop a broad approach to industrial policy and the new trade environment

In between strategy sessions, the chamber carries on with the detailed work

Mr Naidoo says "The senior management of the Department of Trade and Industry have invested a lot in the Nedlac process and interaction with business and labour and this is starting to show dividends

"The parties still sometimes talk from the basis of their specific interest groups and sectors, but there is a sense of looking at the bigger South African picture"

Joint activities have helped to bridge suspicion, such as a recent trip to Germany to examine small business development

"There'll be more of this in the future," Mr Naidoo promises

The trade and industry chamber is

dealing with research or trade liberalisation

It also has established a sectoral liaison committee to assist in negotiations with the Union (EU) and to evaluate the EU's proposals

A proposal from the chamber may see business and labour representatives included in the government's position when the EU talks next month

"But this won't affect the government's position," assures "Whatever is put South Africa will be the best view"

The chamber also plans to examine South Africa's position for the World Trade Organisation (WTO) meeting in Singapore in December

There are plans from the chamber for parallel conferences for labour and business, while its ministerial place

Of particular interest to the chamber is a project which the chamber has entered into with the National Product Development Institute from the beginning of the year. It involves multi-million rand projects and business labour workshops strategies to improve performance

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Labour man: Nedlac's executive director Javendra Naidoo, who describes the negotiations as "tortuous"

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Joint activities have helped to bridge suspicion, such as a recent trip to Germany to examine small business development

"There'll be more of this in the future," Mr Naidoo promises

The trade and industry chamber is

dealing with research on the impact of trade liberalisation

It also has established a technical sectoral liaison committee to support government negotiations with the European Union (EU) and to evaluate the impact of the EU's proposals

A proposal from the chamber committee may see business and labour representatives included in the government's delegation when the EU talks resume this month

"But this won't affect the integrity of the government's position," Mr Naidoo assures "Whatever is put forward from South Africa will be the government's view"

The chamber also plans to workshop South Africa's position for the next World Trade Organisation (WTO) review in Singapore in December

There are plans from the WTO to host parallel conferences for labour and business, while its ministerial review takes place

Of particular interest to Mr Naidoo is a project which the chamber has undertaken with the National Productivity Institute from the beginning of October. The multi-million rand project involves joint business labour workshops to thrash out strategies to improve performance and

industrial performance at industry and regional levels

"These workshops aim to translate all the new frameworks we have into practical operation in workplaces

"The first one in Mpumalanga was very successful and drew on the experience of a range of provincial government, business, labour and foreign speakers

Issues which emerged strongly as having to be addressed in workplaces were industrial relations, knowledge and training

"We're hoping to build up a resource base of people who will be able to support the changes that must happen at workplaces

The public finance and monetary policy chamber, meanwhile, has focused on sharing information so that all parties can begin to debate from the same level

The chamber addresses the way in which the budget is drawn up, looking at issues such as financial, fiscal, monetary and exchange rate policies

Mr Naidoo says "The issues dealt with are not the bread and butter things which labour and business are used to and we're planning a capacity building programme for this chamber - to bring everybody up to speed"

Workshops among broader constituencies of Nedlac representatives and general public education programmes are also being explored

The development chamber, which looks at urban and rural development and delivery of services, is planning a major conference on crime in November

"The idea for the conference arose after the police gave a presentation to Nedlac," explains Mr Naidoo "They really wanted delegates to pass on the message - essentially that they were good guys trying their best

"We were going to issue just a statement, but then realised that one of the main problems was that law enforcement authorities still lacked legitimacy at grass roots level

"Take for example people's attitude to stolen goods," he points out "We need to mobilise real community support against crime"

Nedlac's underlying challenge - of transforming relations in the workplace - is one with which the union movement has grappled for years

"We realised it was a losing game to go only for across-the-board wage increases," Mr Naidoo recalls of his union days "Now, we've begun to get business and labour thinking about things and debating the options

He concedes that this has not been a smooth process - "because management are damn scared and so are workers. If you handle the need for these changes wrongly everyone again starts to defend turf"

"The interaction we're trying to build between labour, business and government is very important," he asserts

"Countries that have grown economically are those who've learnt to manage their contradictions. For us, the only route to managing our contradictions is the democratic one"

Dawn of new era in labour relations

BY GOBA NDILOVU

132

Nov 31/10/96

November 11 1996 will usher in a new era in South Africa when the new Labour Relations Act (LRA) comes into force.

In terms of the new legislation workers can go on legal strike with the protection of the state. All they need to do is to follow the strict rules set out by the LRA, which requires them to seek conciliation with their employers, mediate and go for arbitration if there is still no agreement. A strike is the last resort and workers have to vote through the ballot box to embark on it.

Such a strike is legal and workers who take part in it will have the right not to be dismissed. In the past, while workers had the freedom to strike after following the proper procedures, they could still be dismissed for "operational" reasons - that is, the company could dismiss workers if it feared liquidation or could suffer serious losses. But now workers on a legal strike may not be fired under any circumstance.

Workers will also be able to enjoy picketing without fear of action being taken against them by police or company security guards.

Previous LRAs - 1924, 1956, 1973, 1979 and 1985 - ruled strikes were forbidden, and workers were arrested and jailed for taking part.

Employers can no longer dismiss employees with ease. The

Workers can look forward to more say

new LRA clearly defines unfair dismissals and trade unions can quickly overturn them.

Before a worker can be dismissed the employer must ensure he has notified the worker sufficiently and given him the opportunity to state why he should not be dismissed.

There are schedules in the new

LRA which render certain dismissals automatically unfair, such as when an employee is fired for supporting an industrial action or refused to do the work of an employee taking part in a legal strike.

Another burning issue of the past was giving information to workers or their representative unions for collective bargaining purposes. Employers have traditionally been reluctant to part with financial details. But now they will have to divulge this

If the details are regarded as strictly confidential, employers must inform the trade union in writing.

Previously trade unions found it difficult to sign recognition agreements with companies because they were not allowed access to shopfloors for recruiting. All this will change now workers will be playing an important role in running the workplace through Workplace Forums.

Under the new dispensation farmworkers and domestic workers will also enjoy the same protection.

Labour relations take giant leap forward with new council

(132)

Swearing-in of commissioners seen as crucial to the effectiveness of the Labour Relations Act, which comes into effect next week

By GOBA NDHLOVU

Labour relations received a major boost when 124 members of the Commission for Conciliation, Mediation and Arbitration were sworn in at the weekend.

The ceremony, which took place at the Indaba Hotel in Sandton, was hailed by Labour Minister Tito Mboweni as crucial to the effectiveness of the new Labour Relations Act which will be implemented on November 11.

In a ceremony presided over by the Judge President of the Labour Court, Mr Justice John Myburgh, 98 commissioners took the oath while another 26 took an affirmation because they were not Christian or of any other religion.

Of the 124, 31 commissioners were sworn in as full-time while

93 will be part-time.

The oath was simple: "I do solemnly swear (affirm) that I will, without fear, favour or prejudice, execute the office of the Commissioner of the Commission for Conciliation, Mediation and Arbitration, in accordance with the Constitution and Law of the Republic of South Africa. So Help Me God."

Mboweni, who delivered the keynote speech, said he was pleased with progress on the labour front and promised that the Labour Relations Act would be ready by November 11.

Mboweni said the oath-taking ceremony was one of the finishing touches in the process leading to the dawn of a new era in labour relations in this country.

Commission chairman Charles Nupen said the body was made

up of "a young team expected to chart uncharted waters".

They were committed to collective bargaining and resolution of disputes, and would pursue their job to the best of their abilities.

The commission will be responsible for settling disputes, mediating if disputes are not resolved after conciliation, and making sure that workplace forums are established. It will also supervise ballots during union or employer elections and give advice on how to set up bargaining structures.

Nupen said the commissioners had been on an intensive training programme during the past three months learning how to deal with procedures for conciliation, mediation and arbitration skills.

Nov 4/11/96

UNIONS AS CAPITALISTS

When peasants become landlords

JABULANI SIKHAKHANE

BUSINESS EDITOR

The march last month by members of the South African Commercial, Catering and Allied Workers' Union (Saccawu) to the house of Donald Gordon, the chairman of the Liberty Life group, illustrates the potential conflict of interest that faces labour as it also doubles up as an owner of capital

At about the same time as the union's march, Saccawu, as part of the National Empowerment Consortium (NEC), was raising funds to buy a stake in Johnnic. The NEC is a consortium of labour and black business that has bought Anglo American Corporation's (AAC) 35 percent equity interest in Johnnic, the industrial group.

Johnnic and Liberty have a relationship through South African Breweries (SAB), the industrial group, and the Premier Group. The trio of Liberty, Johnnic and AAC has a voting pool agreement that effectively gives them control of SAB and Premier. They appoint directors to the boards of SAB and Premier; Gordon is a director of SAB and the deputy chairman of Premier.

Had the march on Gordon's house happened a few months after the Johnnic acquisition by the NEC, it would have soured relationships between Gordon and Saccawu representatives at the SAB or Premier board meetings.

Though unions claim there is no inherent conflict of interest in their becoming owners of capital, the Johnnic deal indicates potential areas of conflict. And more of these will emerge as labour increasingly invests in companies.

Within a short space of three years, trade unions have, directly and indirectly through their investment companies, acquired economic or voting rights over investment assets, including the 17,5 percent equity stake in Johnnic, valued at over R2 billion.

CT 5/11/96
As the asset base grows, it will require trade unions to develop investment guidelines as to where and how they invest.

Jenny Cargill, a director of BusinessMap, a consultancy, cautions that union investment companies need to be a bit more strategic in their investment decisions. For instance, unions may decide not to invest in sectors in which they have members or invest only in companies in which they can influence the delivery of services to their members.

The other issue relates to how the union investment companies fund their acquisitions. The R2 billion of assets has mostly been funded through debt and other fancy financial engineering mechanisms.

The danger in carrying too much debt is that, depending on how the investments perform, it takes time for the investment company to make money and provide the promised social benefits. The longer it takes to deliver the benefits, the more it is likely to antagonise members. But most importantly, the more debt load you have, the more likely you are to be driven by the financial returns on the investments.

It also seems that corporate South Africa expects that as labour becomes more involved in owning capital, the workers will engage less in strikes.

Nthato Motlana, the chairman of New African Investment Limited (Nail) and Metropolitan Life, summed up corporate South Africa's expectations when he told the Sunday Independent recently: "I am happy the unions are involved in business. They will realise that you pay workers out of profits, and not out of capital, and then hopefully the strikes and industrial action will decrease."

Corporate South Africa's expectations presuppose that being owners of capital will lead to the ordinary worker's deeper understanding of how business works. That may be so for the trade union leaders who will join the boards of directors, but

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the ordinary worker on the shopfloor may not. Obviously, a lot will depend on how successful trade unions are in convincing the workers of the benefits of becoming owners of capital. Not only that, workers will have to see those benefits and not only hear about them.

Linked to this is the contention by the leftist wing of the labour movement which has argued that if the investment companies are to be used as an alternative source of income for the trade union coffers, investments are likely, over time, to make trade union officials less motivated to serve the needs of the members and less accountable to them. In short, when the piper has alternative sources of income, his tune is likely to change. And the new tune may not necessarily be in harmony with that of the workers.

Unions argue, however, that separating the ownership of the investment companies from the day-to-day trade union activities will avoid potential conflict of interest.

Kuben Pillay, the chairman of the Mineworkers Investment Company (MIC), says the MIC is an independent entity owned by the Mineworkers Investment Trust (MIT).

The trust was set up by the National Union of Mineworkers (NUM) as a vehicle for providing social benefits to NUM members, ex-mineworkers and their dependants.

The NUM derives no financial benefit from the MIT or MIC, and for sustenance the union will remain dependent on members' dues. The South African Clothing and Textile Workers' Union (Sactwu) and Sactwu Investment Group has a similar structure.

Trade unions still need to clarify how they intend walking the tightrope of being labour and owners of capital at the same time. Otherwise, workers on the factory floor may start believing in the wisdom of the Russian proverb that should a peasant become a landlord, he will flay the peasants.

Top-down communication a thing of the past

CT(PK) 11/11/96 (132)

WENDY LUHABE

Across the corporate landscape, managers and employees are struggling to adapt to new competitive challenges. The solutions at hand suggest cost efficiency, quality management, new technological solutions, downsizing, outsourcing and affirmative action.

A culture where managers speak the language of co-operation but practise the skills of power and politics does not allow new behaviour patterns to emerge.

The New Labour Relations Act invites all of us who are employed, regardless of what position we occupy, to create new behaviour patterns which make us

accountable to ethical corporate governance and fair employment practices that commit us to performance goals to improve productivity in our respective jobs, which inspire us to share the responsibility of creating the desired work environment, which redefine-define relationships between management and employees, between men and women, young and old, disabled and able, experienced and inexperienced, black and white.

And, finally, behaviour which creates a new culture of communication that is not top-down, but rather one that engages employees, that facilitates dialogue and inquiry into management decisions and archaic practices, allowing em-

ployees to contribute in corporate management

With the South African ratio of manager to employee about 1 to 50, managers simply do not have the competence or the capacity to manage effectively, which is probably why we often manage financial and capital resources more effectively than people.

This transition must be perceived as a journey that begins with technology and leads ultimately to trust.

It is no longer enough to simply manage, especially if we do not have the abilities to manage people effectively. Managers are expected to serve the staff and lead them to extraordinary results. We must create room

for diversity to strengthen the range and depth of our contribution to organisational excellence.

The transformation of South Africa's labour relations intends to make sure that every employee participates, regardless of rank, title or trappings of power. That is what creates new ideas and leads to innovation at no additional cost to the company. To create this environment, managers must set a tone where people say what is on their minds and are not afraid to display ignorance.

□ *Wendy Luhabe is the managing partner of Bridging the Gap, a human resources and development consultancy*

New era dawns for industrial relations

CT (BR) 11/11/96

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PIERRE MARAIS & IVAN ISRAELSTAM

The new Labour Relations act, which comes into effect today, imposes a totally new approach to corporate governance and industrial relations. After many delays — the act was initially scheduled for promulgation on May 1 this year — the legislators have decided that a combination of workplace democracy and joint employee-employer responsibility for corporate management is essential for socioeconomic development in South Africa.

It is a necessary approach for the development of co-operation between employers and employees towards achieving real employee upliftment, corporate productivity, global competitiveness and sound national economy.

This revolutionary approach has been legislated through the workplace forum provisions in chapter five of the new act. As a result, most employers are now required to make workplace forums part of their strategies.

The forum, which is a body representing all employees (unionised or not), has the right to be consulted on certain issues and make decisions jointly with employers on other issues. Among others, issues for consultation include matters affecting job security, merit payment criteria, education, training and job grading, product development plans and export promotion.

Issues that will affect joint decision-making include disciplinary codes and procedures, rules of conduct, affirmative action and changes to rules of employee benefit schemes.

Where a representative trade union applies for the establishment of a workplace forum in re-

spect of a workplace with over 100 employees, the employer is required to co-operate and to conclude a constitution with the employee representatives. Because workplace forums, as structures for participative management, are a foregone conclusion in most cases, employers need to know what the pitfalls, opportunities and required strategies are.

Pitfalls include:

Attempts by employers to resist the forums and information disclosures could result in industrial action and statutory proceedings.

Making the assumption that participative management is only a soft option, true and effective participative management means completely the opposite. It means strict rules, added and joint responsibility and hard work for all parties.

Failure to understand that participative management is a major departure from the traditional managerial style.

Ignoring the need for thorough preparation for the development of the new system and culture. Most employers and employees do not possess the knowledge, skills, attitudes and strategies necessary to make co-determination work profitably.

But opportunities exist for constructive industrial relations, common goals and joint wealth creation, employee development and a globally competitive economy. The act is here and it is necessary to implement proactive measures with thorough management preparation via training and workshopping.

Pierre Marais is the managing director and Ivan Israelstam is the senior consultant of the Labour Law Group.

Business SA 'must commit itself to Nedlac'

Reneé Grawitzky

BO 27/11/96

BUSINESS SA had a responsibility to commit itself to the National Economic, Development and Labour Council (Nedlac) process and to ensure the council delivered on its intended agenda, the newly elected chairman of Business SA (BSA) and executive chairman of Iscor, Hans Smith, said yesterday.

Smith said his priorities as BSA chairman in the year ahead were to ensure business's commitment to Nedlac and to see that strategies were developed to ensure implementation of government's macroeconomic strategy.

Smith, who replaces Leslie Boyd, was appointed to his new post at BSA's annual general meeting on Monday.

Foundation for African Business and Consumer Services president Reggie Hlongwane and Johannesburg

(132)
Consolidated Investments executive director Nick Segal were appointed vice-chairmen.

New executive committee members include SA Chamber of Business president Rudi Heine and Afrikaner Handelsinstituut president Theo van Wyk.

Smith said there had been criticism in the past that Nedlac had not produced speedily. It was BSA's responsibility to facilitate the delivery intended when Nedlac was launched.

Nedlac was the main forum where labour, government and business could meet to formulate the necessary recommendations and proposals for implementation of policy, including government's macroeconomic strategy.

Business was prepared to rise to the challenge posed by the alliance between the African National Congress and labour federation Cosatu.

SA warned of pitfalls

(132) Sowetan 13/1/97

IF SOUTH AFRICA wants to improve its economy and realise its social upliftment programmes, free enterprise is the answer. This is the advice of former German federal minister of economics Count Otto Lambsdorff.

He addressed a business breakfast meeting in Johannesburg last week during a short visit to South Africa.

Lambsdorff said an economic system based on a social partnership between government, business and labour would not only be detrimental to the economy, but to the unemployed as well.

Organised labour, business and government in South Africa are currently discussing a social partnership where social upliftment needs would be married to the needs of business.

On the one hand organised labour, led by the Congress of South African Trade Unions, wants job creation, better wages and the delivery of basic social needs.

On the other hand, business wants better production at lower costs to meet the stiff global competition, and government wants a stable labour market.

Lambsdorff said the idea of a social partnership was good in principle, but was full of problems in reality. "The idea of underlying conditions set by the state for the process of negotiating wages is full of snags," he said.

As a matter of principle

"In liberal theory, such rules should distort the market as little as possible. That is not possible, of course, because as a matter of principle no rules are completely neutral."

Lambsdorff said when Germany adopted the social partnership system, collective bargaining was left in the hands of big sector-based employer and employee associations.

"It was felt that big associations bringing many divergent interests under one umbrella would possibly refrain from revolutionary demands. Demands would be more reasonable and modest, it was hoped," he said.

At the same time, the German State laid down general rules which tried to commit unions not to engage in industrial action and made provisions for the involvement of state mediators in labour negotiations.

The South African government has made a similar arrangement with the new Labour Relations Act's compulsory mediation clause and the establishment of the Commission for Conciliation, Mediation and Arbitration.

The debate on a social accord is far from over, with both the Government's macro economic strategy and the Labour Market Commission's proposals calling for some kind of accord.

By opting for a social accord in Germany,

Former German economic minister says the idea of a social partnership is good but fraught with problems, Labour Reporter, **Abdul Milazi**, explains why ...

Lambsdorff said, law-makers wanted labour and business to become social partners.

"To a certain extent, it did — Germany was spared the havoc British trade unions caused in the 1960s and 1970s." However, although this system was no longer directly a state system, it was not really a free market one.

"In the post-World War Two boom, rapid economic growth ensured that the resulting distortions to the labour market in particular were hardly noticed," Lambsdorff said.

"When that boom let up a little in the 1960s and 1970s, an attempt was made to take up the slack using a quasi-Keynesian policy of boosting demand with short-term success and long-term drawbacks."

Lambsdorff said since then the German government has had structural problems in the labour market that no government has yet been able to solve.

He charges that in the social partnership system, unions see their role as that of a social policy pressure group. "Change is not in their interest, even if it is in the interest of the economy as a whole."

What compounds the problem, he believes, is when the state also sees itself as "Lady Bountiful", seeking to produce a social balance through redistribution and regulation.

"In such a situation, the obscuring rhetoric of social partnership doesn't help much. At most, it leads to illusions," said Lambsdorff.

He added that, in many circles, unemployment was seen as the result of a lack of goodwill on the part of employers.

"(But) if we were really to give jobs to the millions of people out of work just to meet some social obligation, we would soon reach a point where the German economy would be out for the count in the fight against global competition," Lambsdorff argued.

He said the whole social partnership system



Flashback ... the Government supports a social partnership between organised labour and business to develop a stable labour market in South Africa.

still worked in Germany because the marginalised people were in the minority, the majority believe they were reaping "exclusive benefits from efforts made by their representatives".

"Anyone who has a job is glad about an extra security against dismissal, even if this means that two others don't get a job as a result," said Lambsdorff.

"If need be, all of this can serve as a warning. I am aware that the German model of social partnership is the subject of in-depth discussion at present in your country," he told the audience.

Lack of market flexibility

Lambsdorff feels the social partnership system has created a lack of market flexibility and a lack of individual freedom. He also believes it has ensured that many people were left unemployed on a large scale.

"My pessimistic conclusion is that it will need the competitive pressures of the global economy coming from outside, or the growing pressure of suffering among the marginalised, to get us out of the dead-end again," he said.

Lambsdorff further argued that studies have shown that free enterprise and competition are the key requirements for a successful economic development.

"Economic freedom and competition, and not the social partnership we have today, were the basis for Germany's post-war success. This basis should never be jeopardised anywhere," Lambsdorff warned.

Stable labour trends predicted

CT(MR) 22/1/97 (132)

FROM SAPA

Johannesburg — Labour turnover had slowed, emigration was down, and the number of companies predicting a decline in the size of their workforces had fallen over the past year, according to the 1996-1997 Special Survey on Salary and Wage Movements and Labour Trends released yesterday.

The survey found that some employees resigned to emigrate because of crime and falling standards in education, with 92 percent citing violence and falling living standards as reasons.

Most emigrants had headed for New Zealand (29 percent), Britain (26 percent), the US and Canada (16 percent), and Aus-

tralia (13 percent). The survey, conducted by FSA-Contact, also found that the functional areas of information technology, engineering and finance were the most affected by emigration.

About 32 percent of respondents predicted a decrease in their overall workforce size, compared with 35 percent in the previous survey 12 months ago, Herriet Webster of FSA-Contact's Remuneration Information Services said.

"Only 1 percent of labour turnover was attributed to emigration, compared to 8 percent the previous year," Webster said.

She said that while industrial action increased last year, most South African organisations did not expect any further strikes this year.

According to the survey, there was a 15 percent increase in the number of participants who experienced industrial action in the past year compared with the previous year's 37 percent. Of those who experienced industrial action, 43 percent attributed this to wage demands during annual negotiations.

Webster said the unions' original demands were generally substantially higher than management's counter-proposals. "Organisations surveyed are confident that the labour situation will be more stable during 1997."

"Almost three-quarters don't expect further strike activity and, where further strikes are predicted, wage demands are cited as the main cause for discontent," Webster said.

Unionists make 'hot-shot' investments

(132) (24) M+G (BM) 24-30/1/97

Jim Day

THE phenomenon of unions and their related investment companies making major investments in the South African economy has only emerged in the past couple of years. But in that time, unions have become major shareholders in a wide range of industries, from breweries to media outlets.

Among the best-known of unions' ventures into business investments is their role in the National Empowerment Consortium (NEC), which purchased Johnnic. The NEC is half controlled by various non-union shareholders, the largest of which are Worldwide Africa Investment Holdings, Metropolitan Life and Siphumelele Investments.

The other half is owned by unions and their related investment companies. Of these, the National Union of Mineworkers owns just under 5% of Johnnic, the South African Railway and Harbour Workers Union owns about 3,5% and 13 other union investors control a total of about 9,5% of the company. These unions represent workers in industries ranging from clothing and textiles to food processing, from printing to construction.

Johnnic has a wide range of holdings. It owns 28% of South African

Breweries, which accounts for at least 60% of Johnnic's asset base; 27% of Premier and 43% of Omni Media, among other investments. Last year it sold its 26% share in Toyota SA.

Omni Media controls 91% of Times Media Limited, which has major interests in *The Sunday Times*, *The Daily Dispatch*, *The Evening Post* and other media outlets.

Outside the Johnnic dealings, the Mineworkers Investment Company and the South African Clothing and Textile Workers Union Investment Group share ownership of Francolin Investments Limited, which has major ownership of Africa on Air, and through it, Highveld Radio.

Unions have made significant investments in Real Africa Investments Limited (Rail). Investors include mine workers, textile workers and the Metal Industries Provident Fund.

Although union investors have strong interests in the media, at least one analyst believes this has more to do with high earnings potential in that area as opposed to other goals of furthering workers' interests.

Unionists come from "alternative" backgrounds, but their main investment concern in the past two years appears to be making "hot-shot investments," said Steven Friedman, director of the Centre for Policy Studies.

Labour is debating investment schemes and how they can benefit union members.

The new unionist: Suit, silk tie

MTG (BOM) 24-30/1/97 (132)

Eddie Koch

WHEN Neil Aggett, the union activist who died in a John Vorster Square prison cell in early 1982 after being tortured by men from the special branch, was busy mobilising workers into the African Food and Canning Workers' Union during a period of renaissance for organised labour in the early Seventies, his rank-and-file members often complained that he came to meetings in sandals, faded jeans and a limp T-shirt.

The fears of those workers who worried that their organiser's dress code would cause company executives not to take the union seriously, may well be soothed by the new sartorial style

that is sweeping through organised labour in the late-1990s

These days one-time militants wake up in the morning, fasten their brightly coloured ties into the Windsor knot and don double-breasted suits before travelling into the headquarters of the country's most powerful corporations in a bid to buy out the bosses they used to bash in those boardrooms.

But some sectors of the labour movement, along with a group of intellectuals who help shape its strategies, are becoming increasingly concerned that the growing band of silk-and-suit socialists as well as the vehicles they are using to drive into the top echelons of the South African economy — the trade union investment company — are beginning to

undermine the values that Aggett and his many compatriots used to galvanise the power of organised labour in the 1970s and 1980s

The sudden proliferation of companies that have been set up over the last year in order to invest workers' retirement savings — a huge stash of cash sitting in various pension and provident funds estimated to be worth between R50-billion and R100-billion — in new black empowerment consortia has occurred without attracting much attention within the trade union movement.

There are signals that the quiescence is about to change. The South African Commercial Catering and Allied Workers' Union (Saccawu), one of the biggest affiliates of the Congress of South African Trade Unions

(Cosatu), has called a special congress early next month specifically to air a growing debate about the wisdom of going down the investment company route

And the *South African Labour Bulletin*, a journal that has helped shape trade union policy over the last two decades, recently published a critical appraisal of organised labour's latest fad — and is planning to follow up with more in-depth scrutiny of the way worker savings are being used by labour leaders

"To put it in a nutshell," says the secretary general of a union who asked not to be named, "the debate is between those who see investing worker retirement funds in big business as a new way to further the aims of socialism, that is for workers to control the means of production by buying them, and those who see this tactic as a sell-out by people who are looking for a new route to become upwardly mobile."

The *Labour Bulletin* article, published late last year and bylined to a "special correspondent", was the first serious effort to examine the obsession with creating investment companies that now characterises trade union organisation.

The anonymous author criticises the strategy on four grounds: it is shrouded in secrecy and confusion; it places ordinary peoples' hard-earned savings in high-risk investments; it could enrich a new but small bourgeoisie instead of empowering the poor; and it commercialises the ethics of a movement that once relied on solidarity and collective action.

"In no other area of union life is there such conceptual confusion as

surrounds these companies. There are currently as many motivations as there are fleas to a dog. Secrecy surrounds many of the union initiatives and in many cases one union-owned company is bound to be competing with another or with the African National Congress investment companies," the article says

An impromptu survey conducted by the *Mail & Guardian* this week reinforced this conclusion. Many unions were reluctant to disclose details about their investment companies' strategies. Officials who did speak insisted their comments stay strictly off the record

Rumours also abound that Cosatu has shackled up with a consortium that is bidding to buy the tourism parastatal Aventura, the state's first effort at selling off one of its assets, while Cosatu's leadership insists it is opposed to privatisation. Nobody could clarify the issue.

"Whether by design or because of the willy-nilly way in which this strategy is unfolding, workers are losing control of the way in which their funds are being used," said a senior official in

one Cosatu union. "Even more disturbing are signs that the lack of public scrutiny is opening the way for a great deal of insider trading in the way these deals are being set up."

The *Labour Bulletin* paper points out that, in straight economic terms, the current strategy involves high-risk investment in long-term ventures that are unlikely to yield tangible benefits to rank-and-file members in the short term. "Through investment companies, unions are becoming intimately tied up with

Through investment companies, unions are becoming intimately tied up with companies and management'

Eddie Koch and Jim Day report

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and chequebook

companies and management. It is one thing to make a portfolio investment, and quite another to form a partnership with a particular management group."

The latter method of investing worker savings involves creation of companies that may only begin paying dividends in 10 years, unlike short-term pension fund investments that generate immediate returns.

Two recent developments substantiate the warning. The Thebe Investment Corporation this week announced it was withdrawing from the African Mining Consortium, which has just bought JCI Thebe apparently based its decision on fears that it would not have sufficient power on the board of the gold mining house to safeguard the interests of its members.

The National Empowerment Consortium (NEC), a major association of trade union investment companies and big black-owned businesses, is reportedly also under pressure to unlock value from its stake in Johnnic if it is to retain control of its 35% holding in the company.

The complex financing arrangements to fund the R2,7-billion black empowerment deal means institutional loans could convert to equity if it failed to achieve sufficient growth. Thus, in the long run, the NEC runs the

risk of losing some of its stake in Johnnic and its plans to use ownership of the corporation as a vehicle for black empowerment.

The author of the *Labour Bulletin* article points out there is a key difference between New African Investments Limited (Nail), the emblem of black economic empowerment in South Africa, and the way in which

Afrikaner nationalists used white workers' money to create Sanlam and buy their way into an economy dominated at the time by English capital.

"It's useful to compare Nail with two models for Afrikaner economic empowerment — Sanlam and Rembrandt. Sanlam and its sister companies empowered Afrikaners through widespread ownership and a shared vision. In the case of Rembrandt, the Rupert and Hertzog families attracted the savings of their people on a 'trust' basis," says the author.

Both companies acquired enormous wealth. But Sanlam is still a mutual company which is owned by its policy holders, while the Rupert and Hertzog families have used a pyramid structure to retain control and have amassed vast personal wealth. Sanlam invests mainly in South Africa, while Rembrandt's main focus today is overseas.

'Unions are buying into the system when the economy is stagnant, with no prospects for dramatic expansion'

There are disturbing signs that the control structure at Nail follows the Rembrandt model. The company has a seven-layered pyramid structure that ultimately invests ownership with a company called Corporate Africa that has just four shareholders: Nthato Motlana, Dikgang Moseneke, Cyril Ramaphosa and Jonty Sandler.

A recent newspaper article estimates that these four men, who have effective control over the black empowerment giant, are together worth a staggering R150-million (see graphic).

Patrick Bond, senior partner at the National Institute for Economic Policy, agrees that current investment patterns in the unions involve a high degree of risk.

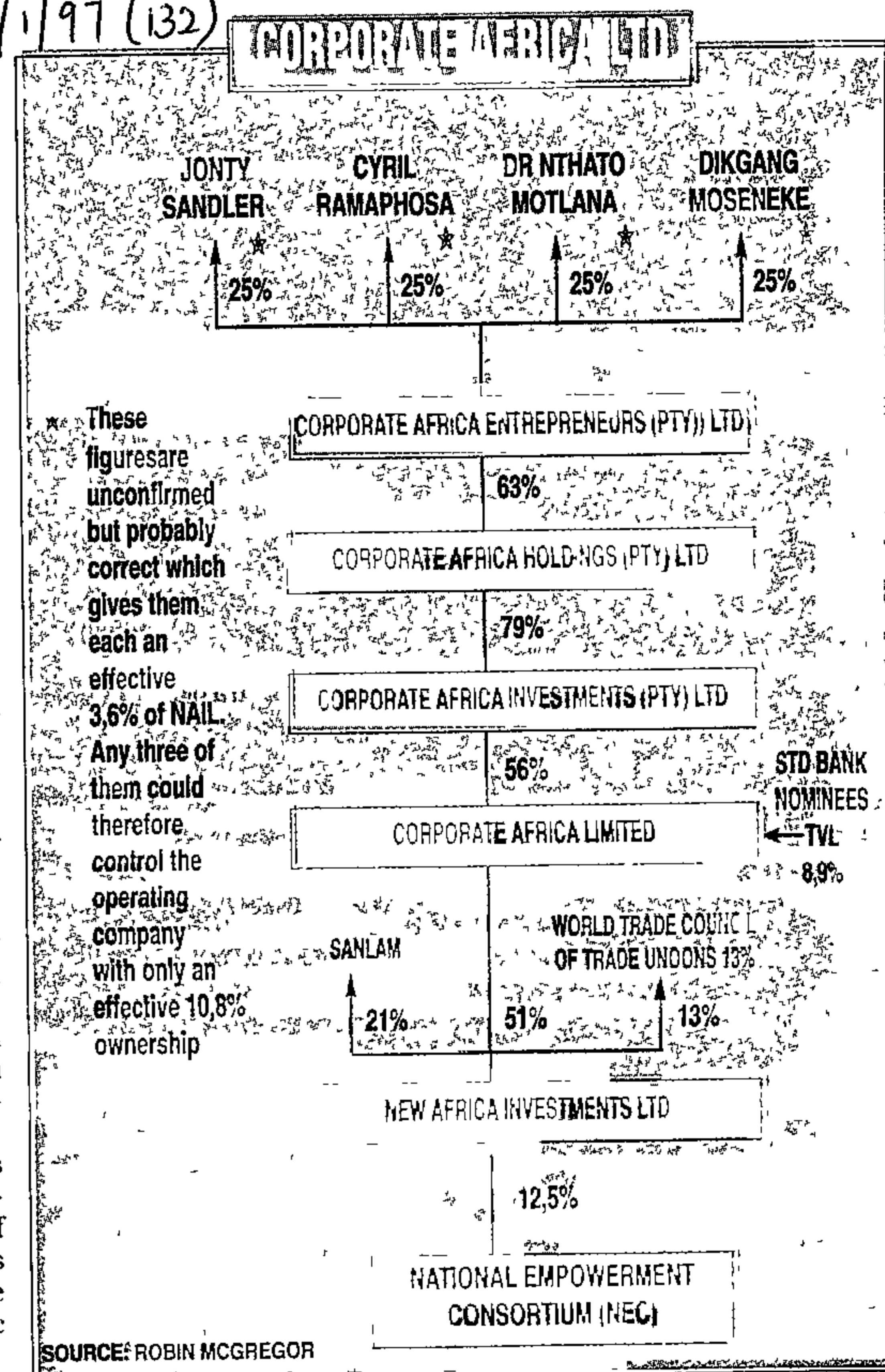
He points out that the Afrikaner nationalist strategy worked at an economic level, even though it may have weakened the power and influence of white trade unions, because it took place at a time when share prices on the Johannesburg Stock Exchange were at an all-time low, interest rates were rock bottom and the economy was emerging from a period of depression into a period of sustained and vibrant growth.

"Everything except the rhetorical environment is working against them. They are buying shares of companies whose stock market prices are so overinflated compared to historical norms, and to do so they are borrowing at the highest real interest rates in modern history. They are buying into the system when the economy is stagnant, with no prospects for dramatic expansion," says Bond.

"Compare these to the conditions for accumulation by Afrikaners half-a-century ago, when every one of these factors was reversed, and it is easy to be pessimistic about the depth and reach of black economic empowerment."

The rest of the debate is more familiar. Union leaders, the sceptics say, are being bought off by corporate and commercial values. The brain-drain that began when the cream of organised labour's leadership went into Parliament is escalating as a new road opens up for unionists to move out of their low-paid jobs and dingy offices. Massive conflicts of interest will arise when workers engage in collective action to resolve labour disputes in industries in which where their unions own a major share.

Says the *Labour Bulletin* article: "The approach could inflict lasting damage on the union movement in another way: it introduces commer-



Mimicking the past: The pyramid structure of Nail shows a remarkable resemblance to the model followed by the Rembrandt Group

cial values into a social movement. Unionism is not about making money. It is about social issues, about using worker solidarity at plant, industry and national level to improve living and working conditions. This has no commercial rationale. Yet involvement in investment companies inserts commercial values which tend to squeeze out union values."

The critics are not advocating a return to the heady days when badly dressed men and women sacrificed their livelihoods and their lives,

sometimes literally, to build such collective values.

They believe there are alternative ways to invest worker savings that have a chance to bring real benefits to rank-and-file members, while at the same time strengthening their movement.

But they fear that, because far too little is being done to plan and strategise how best to do this, the future of this country's economy will be shaped by the rhetoric of worker empowerment rather than its reality.

NE

Union federation threatens a national strike in May over 40-hour week

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Cosatu bares teeth to government

CT(OR) 14/2/97

JONATHAN ROSENTHAL

Johannesburg — Cosatu, South Africa's largest trade union federation, yesterday bared its teeth, threatening a national strike in May over its demands for a 40-hour week. It also warned the government any privatisation moves outside the national framework agreement (NFA) would be resisted.

Sam Shilowa, the general secretary of Cosatu, said the federation's executive committee representing 1,2 million members, which met this week, had heard reports that "some ministers are deliberately taking issues and making announcements" outside the negotiating structures of the NFA. "Such a situation cannot be allowed to continue," Shilowa said. "We will not stand by and watch government ministers deliberately sidelining the labour movement." He said the federation was not making veiled



TALKING TOUGH Sam Shilowa, the general secretary of Cosatu

PHOTO JOHN WOODROOF

threats to take its differences over privatisation to the streets, but said "once one party violates an agreement, there is no agreement." He declined to name the ministers involved. Shilowa also outlined a pro-

gramme of action over the Employment Standards Bill, which is deadlocked in tripartite negotiations, that could culminate in a general strike on May 12. Shilowa said the unions' demands for a 40-hour working week, phased in over three to five years without any drop in wages, and for six months' maternity leave, four of which must be paid, were "bottom line" positions. The unions had already made its final concessions.

He said protests would begin before the end of the month and continue into March. In early April Cosatu's central executive committee would evaluate negotiations. "If no sufficient progress has been made, a general strike planned for May 12 will be sanctioned," he said.

Shilowa also took a swipe at Penel Maduna, the minerals and energy minister, who was quoted this week as calling for greater deregulation of the oil industry. "We hope he was misquoted," Shilowa said. He said Cosatu had called for a meeting with Maduna and said any proposals should be tabled at Nedlac.

□ Inside Labour, Page 20

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Labour calls for a break with the past

THABO LESHILO

(132) (BR) 26/2/97

Johannesburg — Cosatu, the country's largest trade union federation, the National Council of Trade Unions and the Federation of South African Labour Unions, urged Trevor Manuel, the finance minister, yesterday to break with the past and steer this year's Budget towards job creation and the elimination of poverty.

Sam Shilowa, the general secretary of Cosatu, made the call on behalf of the federations at a National Economic Development and Labour Council discussion. He called for the imposition of a 5 percent levy on companies, for the promotion of public works, a capital-gains tax, the exemption of basic goods and services from VAT and increasing taxes on luxury goods.

He criticised the government's "fixation" with a 5,1 percent gross domestic product deficit target of R28,8 billion. "We don't believe it's a correct position. We are opposed to blind loyalty, to deficit reduction at the expense of job creation and social spending," said Shilowa. He also rejected calls for a speedy removal of exchange controls, saying this was a ploy to

enable the rich to move their money out of the country and far from the reach of the taxman.

Shilowa said labour should judge the Budget on criteria such as whether it reduced poverty and created more jobs — especially sustainable jobs in rural areas — secured existing jobs and promoted the development of poor provinces.

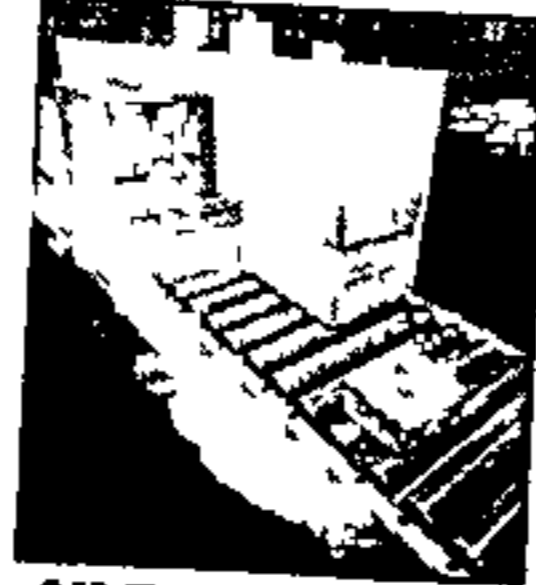
Dennis Davis, a member of the Katz tax commission, complained that the restructuring of the South African Revenue Service was not moving fast enough. He said it would be difficult to deal with sophisticated taxes such as the capital-gains tax without a properly functioning revenue service.

He said the secondary tax on companies was not a good tax because it was difficult to monitor. The tax on dividends should be scrapped and company tax, which was more difficult to avoid, should be increased to 38 percent.

Davis said it would be difficult to eliminate VAT because it was a "huge revenue spinner". However, the government could decrease the regressive tax to 12 percent and recover the lost revenue by imposing a tax on luxury goods.



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Risk of govt, union showdown has receded — analyst

Reneé Grawitzky

BD 27/2/97

(132)

THE implementation of government's growth employment and redistribution strategy (Gear) had been running alongside inept public sector labour relations management which appeared, for some time, to be heading for a government-union showdown.

This view was expressed in a recent article published in Andrew Levy & Associates' IR Data where the author said Gear faced two labour-related tests this year which were unlikely to result in dramatic "high noon-type" showdowns. These related to public sector pay hikes and retrenchments and the relationship between the Congress of SA Trade Unions (Cosatu) and the African National Congress (ANC).

The author said that until recently it appeared that government and labour were heading for a showdown as it seemed government intended renegeing on the three-year salary deal signed last year and move away from voluntary to forced retrenchments.

He said, however, that there now appeared to be a "twist in the tail" as both the finance and public administration ministries insisted that R6,5bn was available for salary increases.

He believed that government was financing increases by taking from other budget items, "in other words by taking funds earmarked for capital spending and using them to pay officials".

If this did occur, he said, it would reflect a "subtle and barely noticed retreat from the government commitment to cut current spending and concentrate on capital outlays".

The relationship between Cosatu and the ANC, he said, was a story which had also taken something of a twist. Government-union relations could improve this year despite a possible strain developing if Cosatu went ahead with its obligatory mass action concerning employment standards, he said.

"The prospect that a closer ANC-Cosatu alliance (in appearance at least) will prompt a flight from economic reform is minimised by the fact that the union position is shifting".

Cosatu's approach to economic policymaking had undergone a subtle shift. This was reflected in the federation's attitude towards Gear and privatisation. Although Cosatu viewed Gear as a disaster it was focusing less on detail and more on how policy was made. This was also true with the privatisation debate where the debate was quietly "but firmly moved to one about how, rather than whether, the state is to privatise".

In turn, the ANC had attempted to commit itself to regular meetings with labour to discuss policy issues and to stress the need for Gear to be accompanied by a human resource strategy. The author argued that Gear was not a textbook "Washington consensus economic reform package". In principle, he said, government could stick to it and still pursue some of the social concerns raised by Cosatu.

Nedlac seen ratifying five socioeconomic agreements

BD 28/2/97

(132)

John Dlodlu

THE National Economic, Development and Labour Council (Nedlac) is expected to ratify five key socioeconomic agreements today, according to a Nedlac spokesman.

The agreements, scheduled to be concluded at today's quarterly meeting of Nedlac's executive council, include an agreement on job creation in public works programmes and the construction industry; amendments to the Compensation for Occupational Injuries and Disease Act, and the establishment of the National Development Agency.

Other agreements also on today's agenda included the establishment and implementation of local development structures and the agreement on the regulation of the essential services committee, a spokesman for the organisation said yesterday.

The essential services committee, to be set up under the Commission for Conciliation, Mediation and Arbitration, was aimed at determining services that could be classified as "essential". The committee was also expected to set out procedures for the investigation and determination of disputes over essential services.

It is believed the planned national de-

velopment agency will replace the present Transitional National Development Trust, the development body funded jointly by government and international donors.

Nedlac stakeholders — government, business, labour and community representatives — would also discuss monetary policy after a briefing from Reserve Bank governor Chris Stals.

Public Enterprises Minister Stella Sigcau would also brief the council on the process of restructuring state assets.

The leaders of the various constituencies would also discuss President Nelson Mandela's recent address to Parliament, and look to synchronise Nedlac's programmes with government's legislative agenda.

A Nedlac report on the forthcoming Budget would be discussed.

It is understood that plans are being considered for Finance Minister Trevor Manuel to brief delegates on the Budget, and plans are afoot to facilitate inputs by social partners into the expenditure side of future budgets.

Apart from the annual summit, the executive council is the highest decision-making body.

See Page 4



Borrowed time:
Sihlewele
Siwanana is
dying from
silicosis after
working in a steel
foundry without
protective masks
PHOTO RODGER BOSCH

Dying man claims victory

Mar 28/2 - 6/3/97

(131)

A silicosis victim's opponent has asked the court to pay him compensation, reports
Rehana Rossouw

A DYING man's five-year fight for compensation ended in Cape Town this week after his opponent stood up in court to deliberately testify in his favour.

Western Cape Department of Labour director Brian Williams turned a routine Workmen's Compensation Commission hearing into a resounding victory for silicosis victim Sihlewele Siwanana, telling the hearing that the compensation his own department pays Siwanana should be increased.

Williams told the hearing the conditions in the factory where 59-year-old Siwanana had been employed were "medieval".

His department's advocate, Theo de Jager, capitulated after Williams finished speaking. The compensation commissioner in Pretoria will now decide what level of compensation Williams's department should now pay. Siwanana contracted silicosis after working as a grinder for Cape Foundries for 22 years. Silicosis is an incurable disease, caused by inhaling dust from silica particles.

The compensation commission decided in 1992 that Williams's department should pay Siwanana a lump sum

of R9 000 and pension of R244 a month. Siwanana's doctor found four other Cape Foundries workers also had silicosis and battled for five years for a hearing by the commission.

Williams, former general secretary of the Metal and Electrical Workers Union of South Africa, told the hearing he remembered Cape Foundries because its employees had sought the union's help in the 1980s to improve workplace health and safety measures. "The dust was thick inside the plant. It was difficult to see from one side of the foundry to the other side because of the dust. I had difficulty breathing when I came out of there."

"Many workers were not wearing standard safety equipment like masks and boots, given the high level of dust. Conditions were so bad there that we were concerned people would be killed."

Under cross-examination by De Jager, Williams said that had he been aware of the hearing earlier, it probably would not have taken place.

"I would strongly argue that the request of the plaintiff be responded to and I support very strongly that his compensation be increased."

Advocate De Jager asked Williams if he was aware that he was appearing on behalf of his department. Williams said he was.

De Jager: "And you still say compensation should be increased?"

Williams: "Yes, I do."

Pityana praises ⁽¹³²⁾ Nedlac ⁽¹³²⁾ meeting

By Abdul Milazi

THE National Economic Development and Labour Council's (Nedlac) first executive meeting at the weekend was described by the director-general of the Department of Labour, Siphon Pityana, as very smooth and successful.

Pityana told a Press conference at the weekend that business, labour and government reached consensus on almost all the issues tabled for discussion.

Among the policies and regulations finalised by the Nedlac executive council were:

- A policy framework for job creation in community-based public works programme;
- Regulations for the essential services committee;
- Amendments to the Compensation for Occupational Injuries and Diseases Act;
- Guidelines for the establishment of local development structures;
- Mechanisms to deal with protests.

The proposal for amendments to the Compensation for Occupational Injuries and Diseases Act makes provision for the replacement of obsolete provisions in the Act, in many instances demanding clarity.

The amendments now provide for the Minister of Labour to consult the Compensation Board and for the accountability of the Compensation Fund to be transferred to the director-general of the Department of Labour.

The amendments also remove the duty of employers to provide first aid and provide for the payment of interest on overdue assessments in cases where the presiding officers or an assessor dies during a hearing or becomes unable to act.

The executive council also concluded work in its Labour Market Chamber on regulations for the essential services committee.

Nedlac executive director Jayendra Naidoo said: "The chamber has considered this issue as part of its ongoing work on the implementation of the new Labour Relations Act (LRA)."

Section 208 of the LRA stipulates that the Minister of Labour must consult Nedlac before publishing regulations for the essential services committee.

This committee will investigate the validity of all essential services to determine whether services such as hospitals, police services and other government services are in fact essential.

Nedlac negotiators hail talks as 'constructive'

Reneé Grawitzky

LABOUR, government and business have agreed to prioritise the financing of training and a process for the continuation of negotiations on the employment standards legislation in an attempt to avert a strike called by union federation Cosatu for May 12

These were among a number of issues discussed at the National Economic, Development and Labour Council's (Nedlac's) first executive council meeting of the year, hailed by all as con-

structive and reflecting maturation of the tripartite structure

Nedlac executive director Jayendra Naidoo said the theme of implementation received a lot of attention with emphasis on job creation and reducing inequalities

This led to a discussion on training and productivity with an undertaking that by the executive council meeting in May, the parties would have agreed on a mechanism to finance training

There was broad discussion on the budget with labour director-

general Siphosiso Pityana indicating that the budgetary process was government's prerogative

A union source said that there had been inadequate consultation on the budget, on which labour awaited a proper presentation by the finance ministry. Labour convener Ebrahim Patel said that labour still felt strongly on introduction of a capital gains tax

Business convener Raymond Parsons said attainment of a 4% budget deficit should not be done by increasing the tax burden. Patel called

on business to back a call for the prosecution of the MDs of companies guilty of customs fraud. Customs fraud had resulted in 25 000 jobs being lost in the clothing and electronics industries

Naidoo said a meeting would be convened by mid-month to discuss issues in dispute on the employment standards

He said five agreements had been ratified

at the meeting on regulations for the operation of the essential services committee, formation of the national development agency, an amendment to the Compensation for Occupational Injuries and Diseases Act, guidelines for creation of local development structures and a policy framework for job creation in community-based public works programmes.

(132) (132) BO 3/3/97

Rift widens between Cosatu and Mboweni

ET (BR) 17/3/97 (132) (bb)

JONATHAN ROSENTHAL

Johannesburg — A rift between Cosatu, the country's largest labour federation, and Tito Mboweni, the labour minister, is widening over an impending general strike to force labour's demands in employment standards legislation proposed by the ministry of labour.

Last month Cosatu threatened to embark on a general strike in May if its minimum demands on working hours and maternity leave were not met.

The much-speculated rift was made public at a conference of the Chemical Workers and Industrial Union at which both Sam Shilowa, the general secretary of Cosatu, and Mboweni spoke. Conference delegates said Mboweni, addressing a session closed to the press on Thursday night, argued against the proposed strike and told delegates there was no deadlock over the proposed legislation.

Mboweni has previously called for negotiations over the proposed legislation and last month said he was extremely surprised that Cosatu was planning a possible strike over the bill.

But in his most biting public criticism of an ANC government minister and Cosatu ally, Shilowa said on Friday that delegates should decide for them-



FRIEND OR FOE Sam Shilowa, Cosatu's general secretary, and Tito Mboweni, the labour minister, have opposing views about a strike planned for May

PHOTO: JOHN WOODROOF

selves whether he or Mboweni was speaking the truth over the question of a deadlock.

"I have no reason to go to war with the ANC over something that does not exist ... I have no reason to say there is a deadlock if one does not exist," Shilowa said. "There is no agreement between us and the government on the 40-hour week, on Sunday work, on child labour, on maternity leave, on all these issues and

that is a reality."

Cosatu has called for a 40-hour working week, with the possibility of a phase-in period. While the labour department is committed to the 40-hour week, it is expected to table a compromise position of about 45 hours to bring the least protected workers in the agricultural, domestic and security sectors into a legislated net of minimum standards.

A spokesman for Mboweni

declined to comment, saying the session in which he spoke was closed to the press. But sources in the department said the bill was not aimed at organised labour, which is able to bargain its own working conditions.

Labour department sources said the public acrimony failed to recognise the gains the proposed legislation would herald for hitherto unprotected workers.

Moves to downgrade Nedlac 'will limit labour's influence'

Reneé Grawitzky

6014/4/97

(132)

MOVES to downgrade the National Economic Development and Labour Council (Nedlac) to address only labour market issues will constrain labour's ability to influence economic policy in an era of globalisation, says a researcher

Swop research associate Karl Gostner said last week that although labour's involvement in Nedlac had been criticised, its engagement in trade agreements reflected its strategic use of the council

Gostner rejected the view that labour had been weakened by globalisation

He said Nedlac provided labour with the space to put alternative policies on the agenda and to shape economic policy

Labour tabled the social clause and was able to negotiate a framework agreement which included a proposal for the negotiation of a "sideletter", or annexure to a trade agreement.

It provided that SA on a tripartite basis would support the International Labour Organisation (ILO) campaign for the observance of standards. Secondly, government would propose entering into a "sideletter" with its trading partners which committed them to ratify and observe core ILO

standards.

However, labour lacked the capacity to take the process forward and entrench gains made

Labour's demand for the inclusion of a social clause in trade agreements was to inject an agenda for the preservation of human rights in trade. However, as negotiations continued, it became evident of a shift from rights to standards, Gostner said

These negotiations became a test case on the extent to which the space existed for policies which flew in the face of international trends. However, during the process the demand for a social clause, which began as a political attempt to change the nature of trade and focused on rights, shifted to standards. Gostner said the introduction of standards shifted the debate from politics to economics — and affordability. It was easier to shoot down a proposal on standards than on rights because of economic implications

Nedlac, as an institution, did not appear in a vacuum, but was a product of labour's struggle and was indicative of its strategic capacity. However, in part due to the closed nature of labour's engagement, it would have to learn how to mobilise around new issues, not necessarily shop-floor related, but the product of its new engagement in Nedlac.

Cosatu undecided on jobs talks

Reneé Grawitzky

THE Congress of SA Trade Unions (Cosatu) has yet to decide whether it will take part in the proposed presidential job meeting later this year.

Cosatu general-secretary Sam Shilowa said this week the federation's participation depended on the meeting's agenda and broader objective. Cosatu did not want the meeting to become a talk-shop, and at the same time "it should not undermine discussions within the National Economic, Development and Labour Council (Nedlac)".

This view was expressed during a news briefing on resolutions adopted at the federation's biannual central executive committee last week.

The committee addressed a wide range of policy issues from a macroeconomic strategy, productivity, workplace reorganisation

and organisational challenges, to a social security policy conference in May. The policy conference would address questions on a social wage, Cosatu's position on job creation and the state's role in job creation.

Shilowa said this conference was not necessarily in preparation for the jobs meeting.

Cosatu's alliance discussion document released late last year, which sought ways of rebuilding the alliance, was also discussed. Shilowa said the document raised a number of issues which were already Cosatu policy, while other issues had not been adopted as Cosatu policy, such as what constituted a social wage.

The document proposed an alliance accord to effect delivery on a range of Cosatu demands, some of which had been included in labour's social equity document published last year.

BD 17/4/97 (132) (132)

Cosatu's assistant general secretary Zwelinzima Vavi said this document had been discussed at the alliance summit on Friday, but due to time constraints had been passed on to a six-man committee to formulate a joint paper for discussion at the June meeting.

The central executive committee also took stock of the organisation's strengths and weaknesses and adopted strategies to assist those affiliates experiencing organisational problems, such as the Construction and Allied Workers' Union.

Shilowa discussed also labour's interaction with the Commission for Conciliation, Mediation and Arbitration.

He said commission staff were contemplating amendments to the new Labour Relations Act which should be opposed, as any amendments should be initiated by the governing body.

MUSCLE FLEXING

More summits between the ANC and its alliance partners Cosatu and the SA Communist Party are unlikely to bring consensus over government's macro-economic framework, Gear

Despite predictable statements about the need for "continuous consultation and debate" over Gear after last weekend's meeting of the tripartite alliance, all indications are that the atmosphere was tense and that the leadership tried to evade discussion of economic policy, much to Cosatu's chagrin

In the middle of all this stands Labour Minister Tito Mboweni, trying with his concept of "regulated flexibility" to steer a course between social equity and economic efficiency

Sacob's Raymond Parsons has called for all future labour legislation to be tested against Gear's goal of moving towards a more flexible labour market if SA is to meet its employment targets

Parsons also warns against imposing specifically targeted training levies on employers (in terms of the Green Paper on skills development), which would increase their tax burden beyond the 25% of GDP limit set in Gear. He goes on to say that the soon-to-be released draft Bill on Employment Standards will be an acid test of government's commitment to

Gear's job creation targets, given the additional cost implications

Further, organised business is considering its legal options regarding Cosatu's threatened strike over the Bill on May 12. There are those in Cosatu who expect the strike to go ahead — if only as a tool to mobilise flagging membership

Labour consultant Gavin Brown says "the declining influence of organised

labour on government will likely trigger defensive disruptions to the economy throughout 1997, with labour unrest expected to be at its highest in the pub-

ethos with his ambitions in a political world where job creation imperatives are steadily outstripping the need for any more employee-friendly labour legislation"

Regarding this year's round of wage bargaining, which has begun in earnest, the survey of employers expects an average wage increase of 10,3% for unionised workers

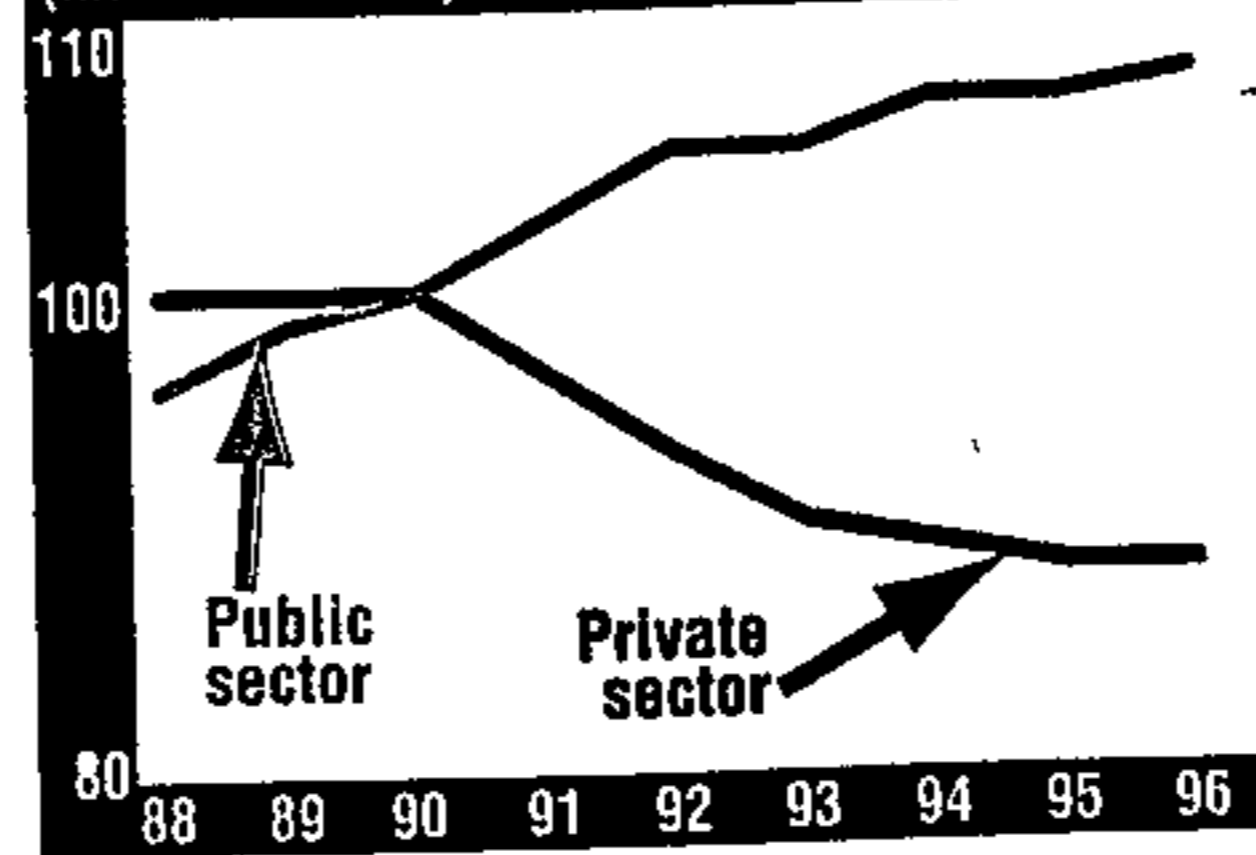
A narrowing of the range of expected increases within sectors is becoming apparent, it says. In recent years this range has been as much as 4%. It has been reduced to 2%, suggesting a maturing of and increase in centralised bargaining and wage restraint

This week's settlement of the Nestlé strike based on a 9% wage increase could indicate the level of settlements (up to 11%) in the food and allied industries

Employer expectations in other sectors indicate the following range of wage settlements: Retail and commercial — 10%-12%, chemical and allied — 9,5%-11,5%, construction and allied — 9,5%-11%, timber, print and packaging — 9%-10%, motor and allied — 8,5%-10%, general manufacturing — 9%-10,5%, clothing and textiles — 9%-10% *Amarnath Singh*

FORMAL SECTOR EMPLOYMENT LEVELS

(Indexed to 1990)



lic sector over privatisation, retrenchment and wage issues"

In his latest collective bargaining survey, Brown further says

□ Recent and planned changes to labour legislation are collectively providing powerful disincentives to job creation "Mboweni's programme of labour law reform is imposing significantly increased costs on employers, including the State. His programme appears increasingly irreconcilable with the Gear objectives on job creation," and

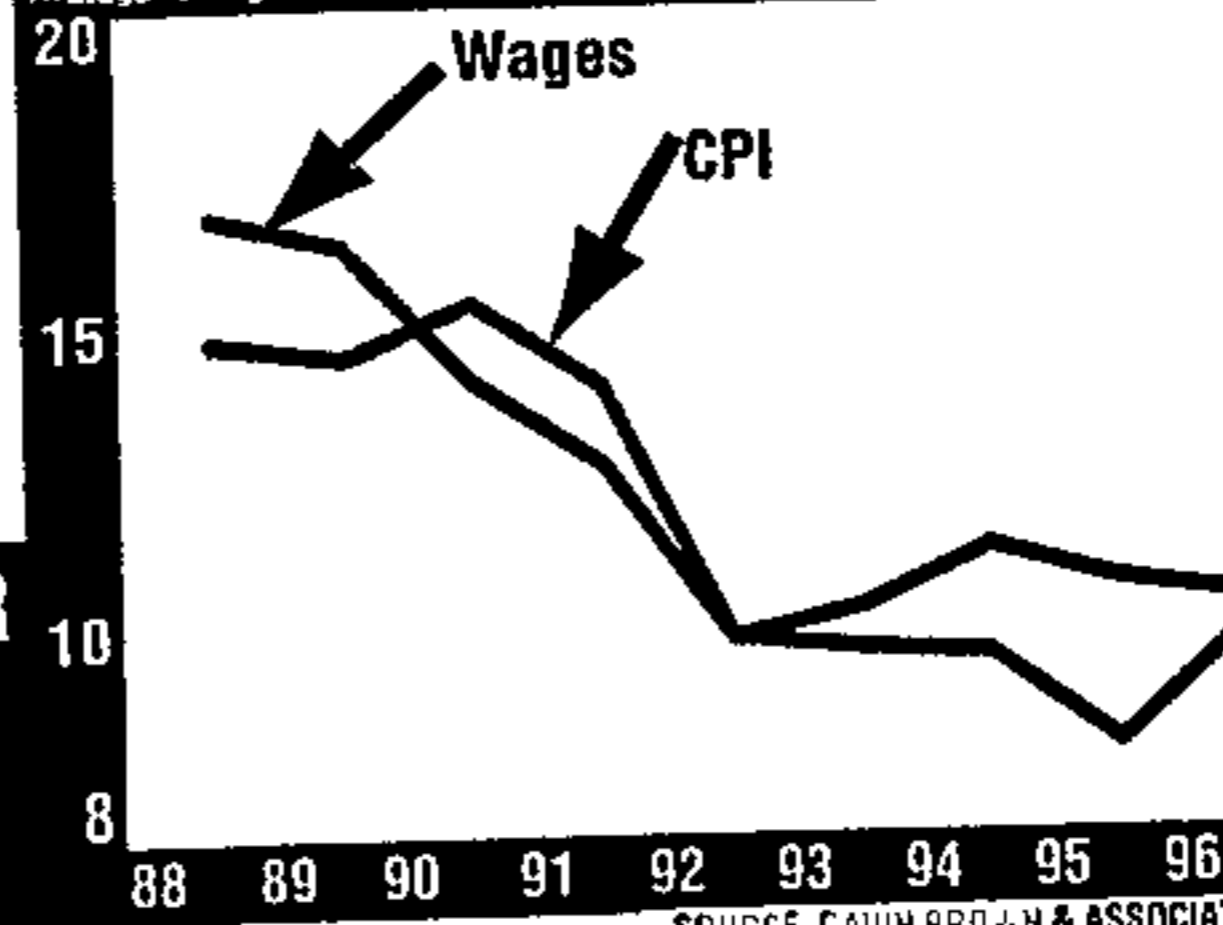
□ Economic growth continues to be accompanied by increasing unemployment, providing the third successive year of jobless growth, while public-sector employment continues to increase

In terms of Gear, 126 000 new jobs were to be created last year and a further 252 000 in 1997. At end-June 1996, however, the Central Statistical Service reported the shedding of about 60 000 jobs and latest reports indicate only a marginal slowing in the rate of job losses to year-end

Brown says Mboweni "will inevitably be forced to reconcile his labour market

WAGE INCREASE vs CPI 1988-1996
(Unionised Labour)

Average % wage increase (All sectors)



SOURCE: GAVIN BROWN & ASSOCIATES

Impact of proposed levies under scrutiny

Greta Steyn

(132) BD 23/4/97

THE finance department is investigating the economic impact of levies proposed by different government departments and will prepare a cabinet memorandum on the issue in the next couple of months.

This emerged at a National Economic Development and Labour Council (Nedlac) meeting in Johannesburg yesterday which was attended by Finance Minister Trevor Manuel, business representatives and labour.

Sources who attended the meeting said business had raised the question of the proliferation of levies that had been proposed, ranging from the training levy to a provincial surcharge on income tax.

"Business was pleased that the finance department was looking at levies and user charges. The fear is that if they are left unchecked, dedicated taxes could raise the tax burden to well over the target of 25% of GDP."

Continued on Page 2

Levies

(132)

BD 23/4/97

Continued from Page 1

(gross domestic product) and make it very expensive to do business in SA," a source said. He said business was also encouraged by plans to develop a medium-term expenditure framework to prioritise and control spending. Manuel had told the meeting he aimed to publish a medium-term expenditure framework for comment by November. It would provide government's spending priorities over three years.

Business had also raised the question of government's unexpected overspending in the past fiscal year. Figures released last week showed government had incurred R1,4bn in additional expenditure over and above the R2,4bn already announced.

Manuel had told the meeting that the figures were still provisional, as surrenders of unspent amounts could still make a difference. Sources said business had agreed to give him the benefit of the doubt until the final figures were available, but concerns were raised that the controls over spending were not as tight as had been thought.

WORKERS SOLD OUT

Source Jan 24/4/97

Saccawu blunder leaves members without basic salaries

By Abdul Milazi

THE South African Commercial Catering and Allied Workers Union (Saccawu) has been accused of signing away the rights of hundreds of workers to Amalgamated Retail Limited (Amrel) in what is probably the biggest blunder yet by a trade union.

When Saccawu signed an agreement with Amrel, owners of Geen and Richards, Amalgamated Furnishers, Triangle and Fandael furniture stores on a new commission structure for debt collectors in February this year, hundreds of its members lost their basic salaries. They are also now faced with impossible targets of collecting a

minimum of R12 000 a month to qualify for R1 200 commission, failing which they could lose their jobs. Saccawu general secretary Mr Bones Skulu said the agreement was "a blunder on the part of the union's head of collective bargaining, Mr Stanley Mngomezulu, who authorised the signing of the agreement".

"Mngomezulu authorised the negotiating team to sign the agreement without perusing the agreement document. He made the decision on what the members of the negotiating team told him over the telephone."

Skulu said decision-making was Mngomezulu's responsibility whenever top leadership was unavailable, as was the case when the agreement was signed. The union has appealed for a



Pat Nethonzhe lost his basic salary when Saccawu signed a new agreement on payment with Amrel.

review of some of the clauses of the agreement but Amrel management will not budge.

"We have taken the matter to the Commission for Conciliation, Mediation and Arbitration," said Skulu. Debt collectors who failed to bring in the targeted amount would be "counselled" but would lose their

jobs if this happened for six consecutive months. They would also not be earning a salary in that period.

One of these workers, Mr Patrick Nethonzhe (33) of Alexandra, near Sandton, told *Sowetan* that he used to earn R1 896 a month as a basic salary but now he has lost it.

"I thought trade unions were supposed to fight for better wages and working conditions, and not for us to lose the little rights we have," argued Nethonzhe.

Nethonzhe supports his mother, wife and six children on his meagre wages. Now he does not have a penny to feed and clothe them.

One of his colleagues, Mr Simon Mabaso, said he has lost faith in trade unions "after this mess". "My family is now going to starve

because of Saccawu. I know management will never agree to a reversal of the agreement, so the union is wasting its time trying to resolve the issue at the CCMA."

In the agreement Amrel claims that debt collectors will get a R1 200 "guaranteed" basic salary but this is provided they bring in the R12 000 target money.

"Basically we don't have a basic salary. All the other things they say are just rubbish," said Nethonzhe.

According to the agreement document "As the new guaranteed minimum basic salary is designed to tie in with the new commission structure, it will also only come into effect when the commission earned in March under the new system becomes payable in April."

Unions train new captains

Ferial Hafajee

TRADU unions are the training ground of a different type of MBA graduate

Like those with MBAs, unionists are all-rounders who are "well-versed in finance, work organisation and conflict resolution", says Bobby Maree, programme co-ordinator of the Development Institute for Training, Support and Education for Labour (Ditsela)

Years of negotiations have made them wily deal-makers who can think on their feet and who know the cut-and-thrust of business "They're also skilled in creatively developing strategy," says Maree

These qualities have meant that trade unions have become key recruit-

ment centres for three layers of government in the past three years: national, provincial and local

But unions are also happy hunting ground for business, who not only employ skilled staffers, but also secure smoother negotiations with employees.

While it is national figures like Safety and Security Minister Sydney Mufamadi and former National Union of Mineworkers deputy general secretary Marcel Golding who are often counted as key losses to the union movement, it's the gaps left at provincial and local branches which have been the widest.

The Congress of South African Trade Unions (Cosatu) says the brain drain has been stemmed, while human resource practitioners point to many talents they're finding on the shop floor.

There is no leadership vacuum; the calibre of shop stewards is very good,"

He says that Cosatu has worked fast to seal the cracks more successfully than the National Council of Trade Unions which has also lost officials.

The older unions like those in the mining, engineering and chemical sectors have managed to train new officials quickly, but the weaker unions like those in the construction and security industries are struggling.

Cosatu representative Nowetu Mpati says the federation has invested R1-million in a training programme stretching from shop stewards to general secretary Sam Shilowa. "Remember that those people who left Cosatu were not born leaders. It's through

Cosatu training that they could be released with confidence."

To keep more of their staff, the federation has decided that those elected to local government can wear their councillor, or even mayoral, caps while remaining in the service of trade unions. Cosatu's campaign co-ordinator, for example, is also the mayor of one of Johannesburg's councils

Trade unions have also watched their turf alter radically in the past three years.

Militant anti-government campaigns have given way to tripartite negotiations with business and government. Wage negotiations demand new skills as access to company information often makes the old system of demands and offers obsolete.

Ditsela director Chris Bonner says the institute is currently planning a new approach to company information which goes beyond teaching

unionists how to read balance sheets, but teaches them to use company information to win gains for their members

New legislation throws up new challenges. Ditsela is currently running courses on the new Labour Relations Act, but its main task is to create a career path for unionists to keep them in the labour movement.

Karl von Holdt is the co-ordinator of Cosatu's September commission which is planning policy to take the federation into the next century. The commission has identified the management of trade unions as an area of great need.

Trade unions must pay better, offer greater benefits and create the atmosphere in which people will flourish

And while Von Holdt also points to the many new bright young things in Cosatu's trade unions, he says "it's difficult to rebuild the experience and skills built up over a number of years".

CHILDREN FROLIC, PARENTS BRAAI

Festive Cosatu rally lauds worker victory

IT USED TO BE a life and death struggle to attain basic rights for all employees; now it's easier with the dawn of a democratic SA, even fun. **PETER DENNEHY** reports.

(132)

ET 2/5/97

homes, 500 000 housing subsidies approved, free medical care for pregnant women and children under six, and 400 new clinics around the country

The ANC had negotiated a five-year moratorium on people losing their jobs, so that the 1994 election could be held without a civil war.

"At the end of that period (1999) we can speed up the process of transformation," he said.

Minister of Water Affairs and Forestry Mr Kader Asmal said he did not believe in privatising water, a national asset.

"Delivering water is a different matter. There, we have to work out new strategies," he added.

As to the RDP promise of six million people being provided with potable water within five years, Asmal pledged: "Six million shall have it."

Tomorrow he is off to Modderfontein, near Brits, to attend a ceremony marking the millionth person supplied with piped clean water in the three years since the ANC government came to power, he said.

All three speakers also maintained the tripartite alliance between the ANC, Cosatu and the SACP was not in danger of collapse.

MAY DAY celebrations in Cape Town were a family affair yesterday. About 3 000 people gathered on the lawns at Maynardville, Wynberg, for a festive Congress of SA Trade Unions (Cosatu) rally.

Many in the crowd of young and old, wore their favourite slogan T-shirts, met old friends, braaied and drank beer. Children had their faces painted, played on the jumping castles, and listened to music.

And there were speeches. Ms Connie September, vice-president of the 1,9 million-member Cosatu, told of a May 12, Central Cape Town march to demand:

- A statutory 40-hour working week "in our lifetime"
- Six months' maternity leave, of which at least four must be paid
- An end to Unemployment Insurance Fund discrimination against women
- The inclusion of a clause in the Employment Standards Bill preventing employers from reducing rights that workers have

already won

September told the rally of many working class victories, including the right to strike, even in sympathy with others.

Mr Brian Bunting, an ANC MP, sketched the history of May Day, which began in 1886 in America, where the average working day was 10 hours. Half-a-million workers held public demonstrations across the country in favour of an eight-hour working day.

Police in Chicago killed four workers, which led to further demonstrations, until the state eventually declared a state of emergency and sentenced eight workers to death. Of these, one died in jail and four were hanged.

Bunting said newspapers were fond of saying that nothing had happened since the ANC came to power three years ago, and of asking "what is wrong with the ANC, that it can't bring you the things that it promised?"

He gave a brief rundown of the ANC's achievements, including the electrification of 1,5 million

Shilowa still happy in the alliance

CP 4/5/97
(132)

A DEBATE is raging on whether the ANC can serve labour now. CHIARA CARTER reports.

MAYDAY rallies around the country heard speakers cheer the continued alliance between Cosatu, the ANC and the SACP.

But over the past year tensions between the ANC and its partners emerged, coming to the fore on two key issues - government's privatisation plans and its macroeconomic strategy, GEAR.

This prompted the alliance partners to list the problems they experienced and suggest programmes to revitalise the alliance.

Meanwhile a debate has been raging in the SA Labour Bulletin about whether the alliance will, or should, survive and if it is possible to promote radical transformation through it.

Unionist-turned-academic Sakhela Buhlungu says not. Buhlungu said earlier this year the alliance was disintegrating and trying to revive it was a case of "flogging a dead horse".

He said the key questions were: why the alliance was not working and how trade unions could influence government more effectively.

This week, Cosatu General Secretary Sam Shilowa responded in an article which said that while the alliance was not a "sacred cow", it remained "relevant".

□ Buhlungu argued that the experience of other African countries and socio-economic pressures meant the alliance was doomed.

He feels the ANC is set on a path which favours the interests of capital and a new black bourgeoisie. Cosatu can not rely on its membership of the alliance to protect working class interests and needs to explore a range of ways to influence government policy.

Buhlungu said it was wrong to assume that because the alliance had been a driving force towards democracy, the partners would continue to share a common view on how to achieve transformation. The international economy as well

as the power wielded by big capital in South Africa made the ANC "a hostage to capital".

South Africa would like other post-colonial societies see the new elites rapidly merge with existing structures of power and privilege; and old loyalties and bonds vanish. The voice of workers would be drowned by the black bourgeoisie.

Union federations faced three scenarios: subordination, marginalisation or divorce.

□ Shilowa said Cosatu was convinced the alliance was the main force for transformation.

The direction of government policy remained an area to be contested; there was a possibility that policy differences could be bridged and the alliance partners get behind a common programme to serve working class interests.

Shilowa conceded there were "conservative elements" in the ANC but said it would be "simplistic" to argue that the whole ANC pandered to capital.

The points he raised included: □ Cosatu and the working class gained as a result of support from the ANC. These gains included the new constitution, progressive labour laws and the land policy.

□ South Africa's strong tradition of civil society, industrial base and advanced level of trade union organisation gave progressive forces considerable "leverage".

□ Trade unions were not inherently progressive. Without a shared vision with the alliance Cosatu could become defensive.

Shilowa said Cosatu felt the government should change its economic policy where it did not pass the test of job-creation and provision of social services.

He said Cosatu did not believe the alliance was the only vehicle to influence government but did not see the possibility of forming a pact with another political party other than the ANC since this was the "only serious political party with a working class bias".

Later this year, Cosatu is to discuss under what conditions it would withdraw from the alliance.

Meanwhile, Shilowa's response to those who say the alliance is like giving politicians a blank cheque, with unions getting nothing specific in return is to argue that the alliance needs to be revitalised to allow progressive forces, like Cosatu, to write the agenda.

Organised labour way ahead in negotiations

Sowetan 5/5/97
(132) *(#)*

By Abdul Milazi

ORGANISED labour seems to be way ahead of business in negotiations for the transformation of the South African labour market

When Labour Minister Tito Mboweni presented the Labour Relations Bill for negotiations in 1995 labour presented its position and business merely reacted to that

Two weeks ago Mboweni released the Basic Conditions of Employment Bill. The Congress of South African Trade Unions has already made its position clear but business's position is still to be made known

In February 1995 the Labour Relations Act was drafted and put before the National Economic Development and Labour Council

It was organised labour which came up with a structured position in the form of the Employment Equity document

For several months business opposed labour's position without presenting theirs, until several months

later when they came up with what read like the Growth for All document by the South African Business Foundation

The Basic Conditions of Employment Bill proposes a 45-hour working week, four months unpaid maternity leave and the provision for the variation of employment standards

Labour demands a 40-hour working week and six months maternity leave (four months paid)

Economic growth

It also accepts variation of employment standards provided they are not lowered but improved

Both Business SA and the National African Federated Chamber of Commerce have opposed labour's 40-hour-week demand, saying it would affect productivity, but they are still to present their own proposals

The Suid-Afrikaanse Landbou-unie criticised the Bill saying "The conditions of employment proposed in the Bill are not applicable in a country where economic growth is a priority"

While business has been criticising labour's position, Cosatu has been scrutinising the provisions of the Bill

In an interview with *Sowetan Business* at the weekend, Cosatu general secretary Sam Shilowa expressed the federation's preparedness to compromise

"The real issue is how do we ensure that while the 45-hour week becomes the basic working time, it eventually becomes 40 hours over a period of five years," said Shilowa

"We are willing to put our faith in the Parliamentary process, we are not saying that Nedlac should override the parliamentary process," he said

Shilowa said labour was also prepared to look at the legitimate concerns of business as long as the health and safety of workers was not affected

"We are not an agricultural country, seasonal work does not apply to many of the industries, but only to a few sectors"

Shilowa said labour was also prepared to explore ways of funding maternity leave pay

day that the meeting, which the province's area police commissioners and national commissioner George Fivaz had also been asked to attend, would take place at Johan-

Gauteng", Cachaha said. The meeting followed a "high density" anticrime operation in Gauteng a month ago in which SA National Defence Force troops as-

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Business SA intends to halt Cosatu mass action

Reneé Grawitzky

BUSINESS SA yesterday served notice on the Congress of South African Unions (Cosatu) and the National Economic Development and Labour Council (Nedlac) of its intention to apply for a Labour Court interdict preventing the federation from staging mass action next Monday.

The move coincided with the start of negotiations between labour, government and business in Nedlac on the Basic Conditions of Employment Bill, the focus of Cosatu's action.

Cosatu's president, John Gomomo, condemned the move by Business SA and said the federation was more determined to continue with the action on Monday and would redouble its efforts to mobilise workers.

Cosatu initially called for a full-day stayaway but after the bill was released called for a half-day action from noon.

Business SA spokesman Adrian du Plessis said that it would approach the Labour Court on Thursday for clarity on the process to be followed.

Business SA did not believe Cosatu had followed the procedures set out in the Labour Relations Act and therefore wished to obtain a declaratory order to confirm this view, but the issuing of an interdict would be left open.

The order was being sought in terms

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of section 77 of the act which regulated sociopolitical action.

The section granted workers protection if a union or federation had served notice on Nedlac stating the reasons for the action and that the matter be considered by Nedlac. Differences of opinion exist as to whether Nedlac had been given the opportunity to resolve the matter.

Gomomo said "Business SA is showing contempt for the processes agreed to in Nedlac's executive and management committees". The committees had agreed that Nedlac would receive a legal opinion on the meaning of the section by May 9. It was disturbing, he said, that Business SA was bringing a court action on Thursday, the day before a decision was to be taken.

Cosatu, Gomomo said, had complied with the provision of the act and would "vigorously" defend the court action.

Sources said that yesterday's meeting provided a good opportunity for all parties to reaffirm areas of concern around the bill. A settlement was possible but would not be easy.

Labour restated its core demands while business highlighted its concerns around reducing weekly hours of work to 45 for those in mining and security, increased overtime payments and the notice period and the wide discretion given the labour ministry on a number of issues.

Nedlac 'not best for consensus-seeking'

BD 23/5/97

(132)

Reneé Grawitzky

THE National Economic Development and Labour Council (Nedlac) was a useful tool for the transformation process but at the end of the day, consensus seeking was a task of Parliament, two visiting German parliamentarians said this week.

Speaking ahead of Nedlac's conference tomorrow, Social Democratic Party economic policy spokesman Ernest Schwanhold said Nedlac's role at the beginning of the transformation phase was interesting as it allowed for the development of broad consensus on new dispensation.

During the unification of Ger-

many, a similar institution called the round tables was established to facilitate the process, he said.

Although consensus-seeking was the function of parliaments, government should be able to resort to a "think-tank" which provided expert technical advice. He was unsure whether Nedlac could fulfil this function.

Schwanhold said in Germany institutions called planning units were established at a regional and local level to provide the basis for consensus on local initiatives. In SA, he said, it might be suitable to have a lot of little Nedlacs in municipalities and provinces where consensus could be reached on local issues. However, in the longer

term at a national level, he did not believe Nedlac was appropriate.

Schwanhold and fellow parliamentarian Hans Martin Bury concurred that Nedlac and other institutions played an important role in democracy. They expressed their enthusiasm for the incredible progress achieved towards transformation and the consensus around this process.

They said there was a need for the development of public infrastructure and both emphasised that SA should consider financing social security systems. Bury cautioned against the privatisation of water but said that of telecommunications, transport and energy was not problematic.

Govt under fire for 'failure to consult'

Lukanyo Mnyanda

(132)

BD 26/5/97

LABOUR has renewed its attack on government for its "failure" to consult alliance partners on key policy issues, with Congress of SA Trade Unions (Cosatu) president John Gomomo describing the macroeconomic strategy as the "reverse gear of our society".

He expressed scepticism over government's planned job forum to look at the effects of labour market policies, saying labour would "refuse to be co-opted towards the implementation of

Gear (government's growth, equity and redistribution strategy)".

Gomomo said at the annual conference of the National Economic, Development and Labour Council (Nedlac) at the weekend that a job forum should be preceded by agreement on its broad framework, aims and objectives, with consensus on the issues underpinning a strategy for job creation. Labour remained opposed to the strategy, which would choke job creation and perpet-

Continued on Page 2.

Nedlac

(132)

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Continued from Page 1

uate inequality, rejecting "its approach to fiscal discipline and monetary policies, which continue to see major cuts in government spending on social security and basic infrastructure".

Gomomo said Cosatu would go ahead with a national strike on June 2 unless government and business addressed its concerns on the Basic Con-

ditions of Employment Bill. "The only thing that may stop it is an agreement on the core issues raised by Cosatu".

Labour Minister Tito Mboweni said government was disturbed by unions' failure to confront the implications of their demands or reflect on the effect of labour instability on the economy.

The jobs forum, scheduled for October, would present an opportunity for government and its social partners to discuss the promotion of economic development, growth and job creation without undermining labour security

Mbeki calls for closer links ⁽¹³²⁾ within Nedlac

Sowetan 26/5/97

THE process of negotiating and joint decision-making within Nedlac to find solutions to lack of job creation and sustained poverty in South Africa should be accelerated as a matter of urgency, Deputy President Thabo Mbeki said on Saturday.

Mbeki appealed to National Economic Development and Labour Council delegates at the council's second annual summit in Midrand to seek ways to build on common objectives of employment creation and economic growth.

"We share a common commitment to address the obvious challenges that we are facing, whether it be job creation, the alleviation of poverty or economic growth," he said.

"I suggest we go through the documents (presented at the summit) as a matter of urgency and look at how Nedlac can address the issues."

In their presentations to the summit, the four constituencies of the council – Government, labour, business and the community – stressed the importance of Nedlac to nation building and development. But they clashed on substantive policy issues, in particular, Government's macro-economic strategy, Growth Employment and Redistribution (Gear).

Principles of Gear

Business South Africa (BSA) called for an acceleration of the principles of Gear as the key to the future prosperity of the country.

"Gear policies need to be implemented quickly and in a co-ordinated way. Business again commits itself to constructive engagement with its social partners on strategies to accelerate the implementation of Gear," BSA and Iscor chairman Hans Smith said.

As expected, the labour delegation challenged the Gear principles.

I suggest we go through the documents and look at how Nedlac can address issues

Congress of South African Trade Unions (Cosatu) president John Gomomo said labour rejected Gear's approach to fiscal and monetary policy which had resulted in cuts in Government spending on social security and basic infrastructure.

"As labour we remain opposed to the basic thrust of the Gear strategy," he said.

Gomomo criticised the conduct of both Government and business within Nedlac, contending that the parties were using the council to co-opt labour to accept Gear principles.

Government warned

He also warned Government and labour not to use the Presidential Job Summit called by Labour Minister Tito Mboweni later this year to analyse the problems regarding unemployment and job creation, to further its macro-economic objectives.

Mboweni, as head of the Government's delegation to Nedlac, said South Africa needed to build a common understanding of how to develop the economy and create more jobs.

Both employers and unions should accept the necessary trade-offs and make short-term compromises in the interests of longer-term development.

Mboweni suggested the parties strengthen their capacities within Nedlac and jointly investigate ways of removing the constraints to decision-making.

Hansard

The possible impact of other, non-statutory means of regulation is also worth considering. South African insurance companies have not yet issued a policy statement on whether they will start refusing liability for accidents in which the use of a cellphone was involved. But it is interesting to note that their counterparts abroad are joining the fray against hands-on cellphones by rejecting claims where they suspect that their use was a contributory factor to the accident.

Cellular phones are undoubtedly very useful instruments and can also be of great benefit in an emergency. The Department does not wish to constrain this type of usage. In the past it has advocated the hands-free version which at least allows you to drive with both hands on the steering wheel. But even with this equipment, the conversation may become so intense or absorbing as to significantly impair the driver's concentration.

Given all these complexities, the Department would like to have more time to further consider and research all the issues, so as to avoid acting precipitately.

Nedlac gender breakdown (192)

*41 Ms N C ROUNTLEDGE asked the Minister of Labour

(1) What is the gender breakdown in respect of the (a) management of and (b) various chambers in the structures of Nedlac,

(2) whether Nedlac has a women's empowerment and/or gender policy, if not, why not, if so, what are the relevant details?

The MINISTER OF LABOUR
The question is answered based on information received from NEDLAC

(1) (a) Gender breakdown in respect of the management of NEDLAC

	Business	Labour	Government	Community	Total
Female	1	2	3	4	10
Male	18	16	11	6	51

(1) (b) Gender breakdown in respect of the management of Nedlac

	Business	Labour	Government	Community	Total
Female	0	0	2	1	3
Male	6	6	3	1	16

(b) Gender breakdown in respect of NEDLAC Chambers

	Business	Labour	Government	Total
Female	0	1	3	4
Male	8	3 alternates	4 alternates	25

Trade and Industry Chamber

	Business	Labour	Government	Total
Female	1	1	2	4
Male	6	2 alternates	5	22

Public Finance and Monetary Policy Chamber

	Business	Labour	Government	Total
Female	0	1	1	2
Male	8	5	4	21

Development Chamber

	Business	Labour	Government	Community	Total
Female	1	1	1	4	14
Male	7	6	1 alternate	5	28

(2) In accordance with the NEDLAC Act and the NEDLAC Constitution, the NEDLAC constituencies choose their representatives on the NEDLAC structures at their own discretion. The employment criteria of NEDLAC seeks to ensure fair representation of women, and the gender breakdown for the secretariat is a clear reflection of this commitment.

NEDLAC Secretariat

	Female	Male
Total	11	9

Rights of child: report

*42 Ms D P JANA asked the Minister of Health Whether, in terms of the rules relating to the ratification of the International Convention on the Rights of the Child which require South Africa to submit a report in this regard to the United Nations within two years of the ratification of the Convention, which Convention was ratified by South Africa on 16 June 1995, she has submitted or intends submitting such report, if not, why not, if so, what are the relevant details?

Its authors caution against making quick judgments based on expectations for the rand or the RDP

One year on, Gear is still a thorn to labour, a rose to business

DUMA GAEBULE

Johannesburg — One year after the government announced its Growth, Employment and Redistribution (Gear) strategy to disbelieving financial markets and hostile labour unions, the question is whether it will go the same way as the Reconstruction and Development Programme (RDP), to be reincarnated in a new form acceptable to all parties.

Any discussion about the document must take into account the financial crisis that was taking place while Gear's 15 authors — all male, with not a single African — were drafting the document early last year.

"Everything was hostile," recalls Brian Kahn a University of Cape Town (UCT) economist who helped draft the Gear document. "Business and labour had put their economic policy documents on the table. Government had nothing to show, and the markets were impatiently waiting for direction. Meanwhile, the rand was collapsing. There was no credibility to any government policy."

Iraj Abedian, a UCT economist who co-ordinated the drafting of the document, says "Every month of consultations and continued uncertainty would have cost the economy hundreds of millions of rands — a perfect recipe to send the rand into a tailspin."

But a member of the technical team, who does not want to be named, does not think the economy was in real trouble. "A perceived crisis would have provided the ideal background for urgent consultations between government and labour," he says. "There would not have been a Cosatu stayaway on June 2."

The document that was eventually drafted had three elements. The first, described as the heart of Gear, was a commitment to macroeconomic balance, a lower budget deficit and rate of inflation. This required a prudent fiscal policy and relatively high interest rates to contain inflation.

The second element was to get the economy on to a 6 percent growth path by the year 2000, driven by improved performances from fixed investment and non-gold exports. Higher levels of in-

should not be seen as a set of annual targets. We just wanted to see if we could achieve 6 percent growth given the key assumptions about the deficit and monetary policy."

Another economist says it is more instructive to look at the intermediate targets for investments and exports that will eventually get the economy to 6 percent growth. On this measure, Gear has made some progress.

Gear's authors are unanimous in their view that the document improved investor confidence in the economy. "The business response was favourable. In other countries, it takes years for such policies to have credibility," Kahn says.

This year, government has done more to improve investor confidence, delivering a credible Budget with a timetable for the partial relaxation of exchange controls, completing the Telkom privatisation, and appointing Meyer Kahn to lead the fight against crime.

"Improving business confidence is the most important aspect of Gear in the medium term," says Van den Berg.

Exports, the other engine for growth, are above Gear expectations. But Abedian is worried about the recent strength of the rand which, ironically, is partly the result of improved confidence in the economy.

"(The Reserve Bank) must stop intervening in the foreign exchange market — throwing precious reserves at the currency when it is bound to lose the battle anyway," he says. "We assumed a gradual depreciation during the first three years (of Gear) to give industry a window of opportunity to improve its competitiveness. The recent currency appreciation undermines this policy."

Van den Berg adds, "The Reserve Bank could announce a further relaxation of exchange controls to reduce the froth on top of the currency. We should be aiming for a 10 percent lower exchange rate.

"One engine of growth could stop firing and result in a lower than expected growth rate. Exporters must expect the currency to be favourable before they can invest in new capacity." Another dark cloud on the

An economist adds "The RDP was not an economic programme, but a wish list of objectives. It set ambitious targets for delivering things like housing, water, electricity and land reform. It did not say how this would happen. Gear ensures there are sufficient resources to finance the RDP with or without Gear, we still have to achieve these targets."

"The problem," Van den Berg adds, "is that we assumed that the redistribution policies of various government departments would continue, with or without Gear. We didn't emphasise this aspect and could have written more about it. The result is that it was the message directed at business that was heard."

An economist says the thing people understand least about Gear is that it is "just a macro-economic framework, not a

detailed plan. It does not rule out anything specific in terms of redistribution. Neither does it prescribe market-orientated policies for every government department.

"People blame Gear for everything. The truth is that Gear will not make a huge difference to real policy debates around issues like housing, health and land reform, where there is a redistribution of resources going on."

The trick in negotiating a social contract between government, business and labour would be to get labour to accept that macroeconomic balance and fiscal prudence are "motherhood principles", Donaldson says.

"These concepts, which used to be the hallmark of conservative policies, have been embraced by left-wing governments throughout the world."

Abedian says, "The deficit is not the real issue. Increasing it would not help anyone for a long time, because a Latin American-style inflationary spiral would follow."

"The real challenge of delivery is not to spend more, but to get better value for money. You cannot assume there is a shortage of money when funds are being rolled over."

Van den Berg adds, "The concerns of labour could be addressed without upsetting the framework or throwing the essence of Gear out of the window."

"The RDP is perceived to be off the table. Maybe there could be something new on the table which is responsible, but still addresses the concerns of the left."

"The fact we are prudent does not mean there are no choices that can be made."



CONFIDENCE BOOSTER Finance minister Trevor Manuel's 1997 Budget, with a timetable for relaxing exchange controls, has helped raise investor enthusiasm.

PHOTO: JOHN WOODCOCK

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a lower budget deficit and rate of inflation. This required a prudent fiscal policy and relatively high interest rates to contain inflation.

The second element was to get the economy on to a 6 percent growth path by the year 2000, driven by improved performances from fixed investment and non-gold exports. Higher levels of investment would flow from the improved confidence of local and foreign investors (based on tax incentives for investment and government action on the deficit, crime, privatisation and exchange controls) and higher public-sector investment spending.

The third element was redistribution through job creation — from economic growth, government programmes and labour market reforms — and the Budget, which would increase access to social services by changing priorities and improving efficiency. Higher rates of growth would increase funds available for social spending.

A year later, Gear has not achieved its growth and employment targets. But Andre Roux, the deputy director-general of finance who co-ordinated the Gear project, points out that an economic consolidation had been expected for this year. "And there is a time lag between employment growth and an increase in fixed investment," he says.

Servaas van den Bergh, a University of Stellenbosch economist who helped draft the document, says the targets were only introduced to test the Gear model, to see if one policy would work against another. "Gear

controls to reduce the inflation on top of the currency. We should be aiming for a 10 percent lower exchange rate.

"One engine of growth could stop firing and result in a lower than expected growth rate. Exporters must expect the currency to be favourable before they can invest in new capacity."

Another dark cloud on the horizon is government's inability to get labour on to the Gear platform. "Labour has the power to undermine the whole strategy," one economist says.

There are two reasons why labour has not accepted Gear. The first has to do with process — the way government announced the strategy, without extensive consultations, and then said it was "not negotiable".

But, as Van den Bergh points out, there is a limit to consultation. "You cannot consult business and labour about things like a currency depreciation. The businessmen would go back to their offices and take speculative positions against the currency."

The second reason has to do with Gear's content. While the RDP addressed the concerns of the ANC's constituency, Gear appears to do the opposite — and address the concerns of a business constituency. Some people on the left even say Gear was a reversal of the RDP — "a ghost of the RDP", as one trade unionist says.

But Andrew Donaldson, a chief director at the department of finance who was on the Gear technical team, says "We were creating the macroeconomic conditions to ensure the success of the RDP."



THE NEGOTIATOR Deputy president Thabo Mbeki could help bring labour on to the Gear platform

PHOTO T. LEMON

Maduna appoints members of occupational

Bonile Ngqiyaza

GOVERNMENT, labour and employer representatives appointed to tripartite institutions to advise Minerals and Energy Affairs Minister Penuell Maduna on health, safety, education and training policy were named by him yesterday.

The institutions launched yesterday were the mine health and safety council, the mining qualifications authority and their permanent committees. The appointments to the bodies followed nominations by government departments, employer and

labour organisations. Addressing business, labour and government representatives at the launch, Maduna, said the issue of mine health had tainted the industry's image.

"The price that we have had to pay, the heavy losses of human lives, has been too high. We as government cannot countenance that... We cannot continue with a situation where more than 500 workers lose their lives and more than 6 000 are seriously injured annually."

When the Mine Health and Safety Act came into effect on January 15, some sec-

tions dealing with the issue were suspended until next January on the recommendation reached between the Chamber of Mines and the National Union of Mineworkers (NUM).

"This meant that during this current session of Parliament, an amendment Bill introducing an alternative penalty system needs to be tabled," he said.

Maduna urged the council to change the culture of accepting that mining was intrinsically dangerous without having spent sufficient resources in preventing or reducing the risks associated with the industry.

While the Act gave new direction in terms of occupational health and safety in the industry, its implementation would require regulations for it to be implemented.

The council, he said, would need to address urgently outstanding issues identified by the Leon commission report, including transport-related risks and the occupational health aspects particularly lacking in mine health and safety legislation.

"The council needs to formulate a comprehensive research and development strategy if the SA mining industry is going to be able to mine safely at depths. Our safe-

ty records at the current depths are less than satisfactory," Maduna said.

He said the authority had to ensure that all people in the industry had open access to learning and to introduce a coherent framework of education and training.

In its response to Maduna's address, labour welcomed the appointments as "momentous" in the history of the industry but warned that the Act required the commitment and efforts of all interested parties.

NUM president James Moflatsi said that while labour acknowledged the Act was a process of tripartite negotiations and

compromise, the key issue of the reversal of onus remained a contentious issue.

"We trust that the current process in the mining regulation advisory committee, a committee of the tripartite institutions, will assist in developing a solution acceptable to us," he said.

Echoing Maduna's plea to the authority to gear up for the challenge of drastically improving the 62% illiteracy rate, Moflatsi derided the "unacceptable" levels of illiteracy in the industry and urged interested parties to commit themselves to eradicating the problem before 2000.

health council
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...rolling mass
Sapa. ... representing Zimbabwe's
1 other pork products. large-scale producers

Exclusion of domestics from fund is criticised

Jacob Dlamini

(131)

CAPE TOWN — The labour department has come under attack from the Black Sash over its failure to extend the terms of a new bill on compensation for occupational injuries to cover domestic workers.

The Compensation for Occupational Injuries and Diseases Amendment Bill, tabled in Parliament yesterday, seeks to bring old legislation into line with the 1996 Unemployment Insurance Act.

In terms of the new bill, decision making and the 595-strong staff of the compensation commissioner will be transferred to the labour department's director-general.

The new bill makes provision for the payment of benefits and medical expenses to the dependants of people who sustain fatal or disabling injuries in the course of their duties. The Black Sash said the failure to extend the bill to cover about 860 000 domestic workers was a serious mistake.

Spokesman Laura Best said domestic workers would not be able to claim benefits from the Compensation Fund as a result of their exclusion. Best said this was an infringement of their constitutional rights.

However, Best welcomed the bill's redefinition of "dependants", which took into account an employee's extended family, illegitimate children or a common-law partner.

Compensation Fund senior deputy commissioner Jan Koekemoer said that the provisions of the new bill were not extended to cover domestic workers as it would be hard to enforce them.

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Focus on policy debates

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Despite the widely divergent views and differences of opinion among Nedlac participants, the council's process of consensus-seeking and agreement-making has trebled the number of formal agreements and completed reports during the last year

According to Jayendra Naidoo, Nedlac's system of negotiation and consensus building is often difficult to operate because the nature of change itself is difficult, and to find a way forward often requires a pragmatic approach rather than one based on ideological considerations.

"However, it is entirely workable and there is not a single issue on which it will be impossible to find agreement as long as the constituents try hard enough

"Even when issues seem intractable due to fundamental differences, (Nedlac) offers the opportunity to find solutions which will have long-term significance," said Naidoo.

The disparate perspectives of Nedlac's constituencies were reflected in the presentations of their top speakers at the annual summit and served to highlight the success Nedlac had achieved by managing the divisions and often acting as an intermediary between conflicting interests.

Tito Mboweni, the labour minister, set the tone of the summit by emphasising the importance of developing a shared vision between labour, business and the government to ensure long-term development.

He said the public expected Nedlac's social partners to develop a mature approach to the many challenges facing the nation. Job creation, economic development and growth were the central challenges. Yet disagreement continued over the growth, employment and redistribution (Gear) strategy of the government

"(Gear) is an issue which spills over again and again into other areas of work and causes unnecessary deadlocks. Division among ourselves on a matter so important to our economy and society seems to be extremely imprudent. A way must be found to

MATURE APPROACH
Tito Mboweni, the labour minister, stresses the need for a shared vision by labour, business and the government to ensure long-term development

PHOTO
STEVEN HILTON-BARBEP



eliminate this source of tension."

The minister said he was hopeful that despite the "manifest hostilities" between business and labour, appropriate solutions would be found in the negotiations on the Basic Conditions of Employment Bill

Hans Smith, the chairman of Business South Africa (BSA), said the greatest problem facing the country today was the high unemployment rate. He stressed the importance of both small and black business in the job creation process, not only as a means of creating employment but as a means of accelerating the economic empowerment of previously disadvantaged South Africans

"The need to generate jobs on a massive scale is underscored by the fact that South Africa's unemployment rate is roughly 30 percent of the total labour force," Smith said

"It is estimated that the country's economy needs to grow at an annual average of at least 6 percent to absorb new entrants into the labour force, provided the correct labour policies are pursued."

He warned there was a danger that the new employment bill and other labour legislation would result in an overregulated labour market. But business, he said, believed the Gear strategy was the key to future pros-

perity in South Africa

John Gomomo, the president of Cosatu, said the need for the country to develop the human potential of its people, reduce the wage gap, eliminate inequalities and foster programmes which would create jobs for all at a living wage, were the "centre of labour's efforts for the next 12 months".

But labour remains opposed to the basic thrust of Gear

"We reject its approach to fiscal and monetary policies which (advocate) cuts in government spending on social security and basic infrastructure, as well as continually rising interest rates," Gomomo said

"The effect of these policies is to choke much needed economic growth and employment creation. It will also perpetuate the private sector's persistent job cuts despite a growth of three percent in 1996"

Mlungisi Hlongwe, representing the community constituency, called for the introduction of labour intensive programmes and human resource development

The community constituency had observed and participated in the debate on skills development and noted that this discussion had centred round a proposed 1,5 percent training levy

"If we are serious about developing South Africa into an inde-

pendent economic entity, then we will have to realise the need for a major emphasis on training," he said

"With the economic and financial market moving rapidly away from a commodities-based market to a knowledge-based one, skills development should occur not only on the shop floor—in insufficient attention is given to the skills development of the community"

Hlongwe said it had become clear that the country did not have accurate information on the extent of poverty in South Africa

The Reserve Bank was able to monitor general economic indicators such as inflation, interest rates and the strength of the currency (which business was mostly interested in), but the government had failed to effectively monitor and publicise poverty, he said "We, as the community constituency, are willing to monitor poverty if we are provided with training and the relevant funding"

The glaring anti-rural bias, as reflected by the recent budget cuts, was becoming more and more worrying. The community was already beginning to feel the inadequacies of the housing subsidy, which was also being eroded by inflation.

"Our concern is twofold," Hlongwe said "The lack of monitoring facilities and, more fundamentally, the balance between rich and poor, has not changed sufficiently, notwithstanding our political liberation"

'If we are serious about development we have to realise the need for training'

Social and economic report

CT (PDR) 4/7/97 (132)

Nedlac believes the more its constituencies are informed by on-going analyses of trends in the rapidly changing society and economic environment that is South Africa, the more successful the negotiations that take place within the council are likely to be, says Lael Bethlehem, the co-ordinator of research and policy development at Nedlac

With this in mind Nedlac has produced a social and economic report which aims to provide an overview of key social and economic developments in the country in a way that is accessible to Nedlac's constituencies and the public in general

"Nedlac has a responsibility to the public, because a lot of information passes through the council on issues like the economy, government spending and the kind of delivery that is being achieved. So the report is a way of giving the public access to that information," explains Bethlehem

The report is divided into two sections. The first covers basic economic literacy with statistics on growth, employment and equity that give a clear and accessible picture of what is happening in the economy in terms of economic growth, investment and trade.

"The figures in the report highlight some interesting issues. For example, according to official statistics the relationship between employment and growth in manufacturing has changed. In the last couple of years, even when manufacturing has been growing its output, the number of jobs in manufacturing have been declining.

There is also interesting information from the Central Statistical Service's October Household Survey of 1995, the most recent comprehensive national survey besides the census, says Bethlehem.

"So we get a picture of the kinds of employment people are engaged in, the amount of unemployment, the size of the informal sector"

According to the report, "there is little doubt that mass unemployment is one of the major causes of poverty in South Africa" but, it says, the income of the employed must

also be taken into account in a discussion of poverty

"There is a critical link between the jobs people do at different occupational levels and the average wage they receive. More than two in every five Africans (42 percent) and an equivalent proportion of coloureds (43 percent) earn gross monthly incomes of under R1 000 from employment. An additional 21 percent of both racial groups earn incomes in the range of R1 500 to R2 499. By contrast, only 11 percent of Indians and as few as 4 percent of whites fall into the lowest band, while 39 percent of Indians and over 46 percent of whites earn gross monthly incomes of R4 000 or more. People that fall within the lowest income bands tend to be employed in jobs which require low levels of skills

The report also notes disparities in earnings by gender. Although this is evident to some extent among all race groups, it is clearest among whites where a much larger proportion of men fall into the higher income categories

According to Bethlehem, the equity side of the report looks at the distribution of resources and people's access to things like running water, schools, electricity, toilets and doctors

The second part of the report provides new information and research on government spending, welfare, housing, municipal infrastructure and human resource development.

"This part of the report gives the public a wealth of information on how government spends taxpayers' money, how much housing has been delivered and what proportion it is of the target; what infrastructure the state aims to provide every citizen and what access to infrastructure people actually have, and how much human resource development is taking place in the

country," says Bethlehem.

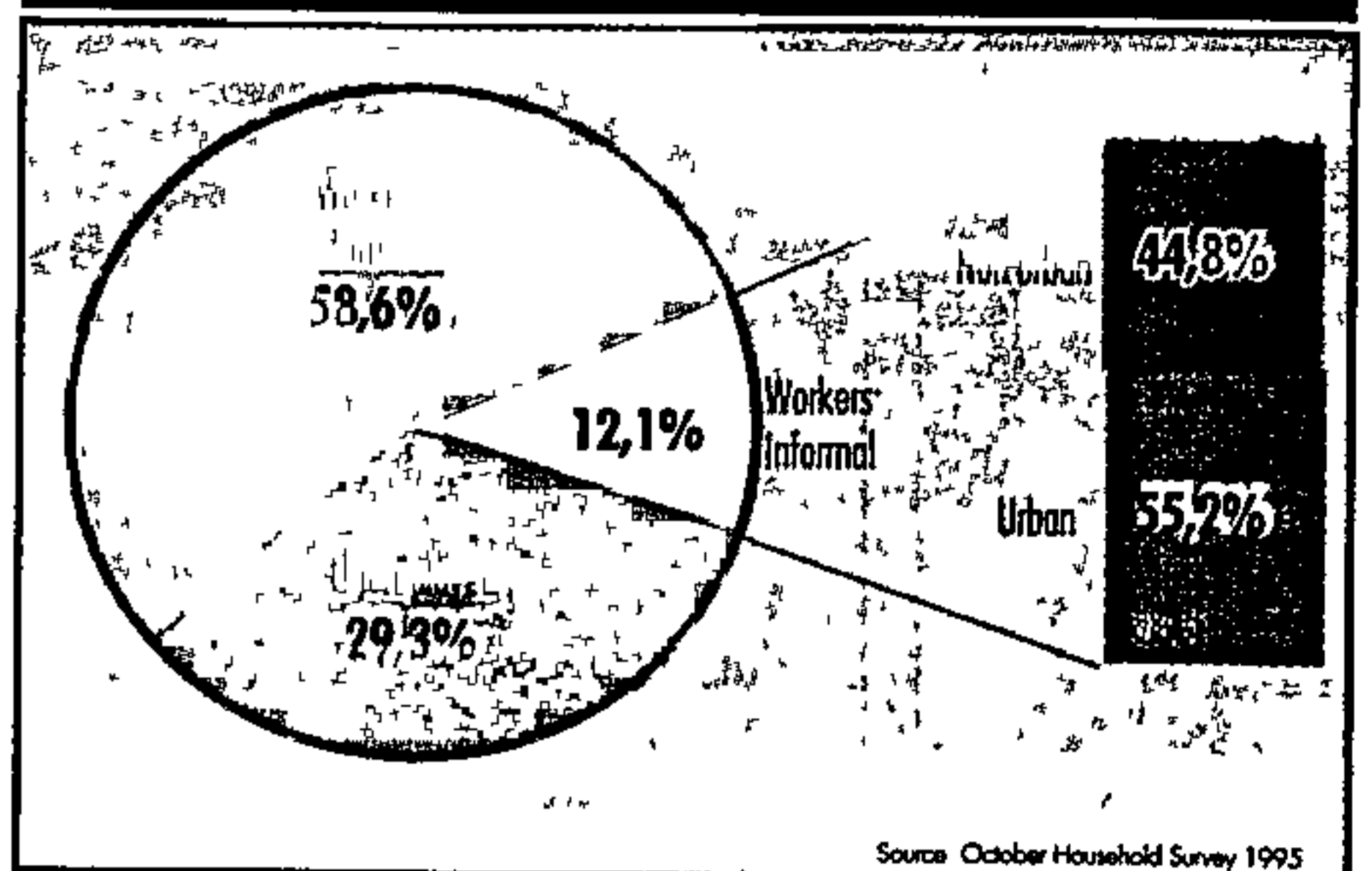
It shows some interesting trends, such as the amount of money the government has payed on debt interest over the last six years, a figure which has increased by 7,8 percent a year.

It also shows a decline in defence spending, while spending on police, prisons, education, health and welfare has increased.

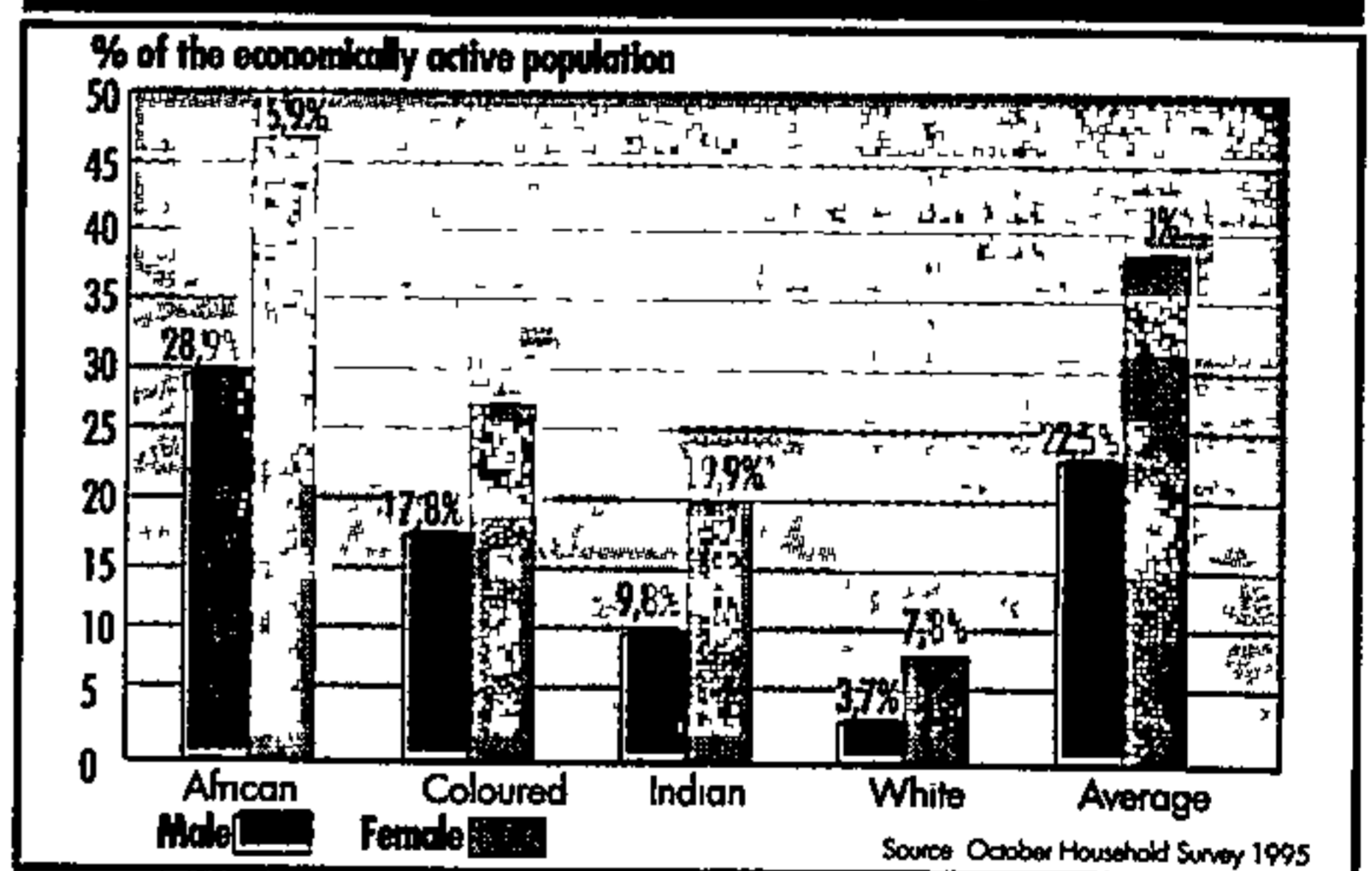
The report, concludes Bethlehem, also "outlines the challenges for the country and Nedlac's partners, because our society — along with Brazil — is the most unequal society in the world in terms of distribution of income and access to resources"

Nedlac is offering, as a free service, to give presentations of the report. For more information telephone 482-2511

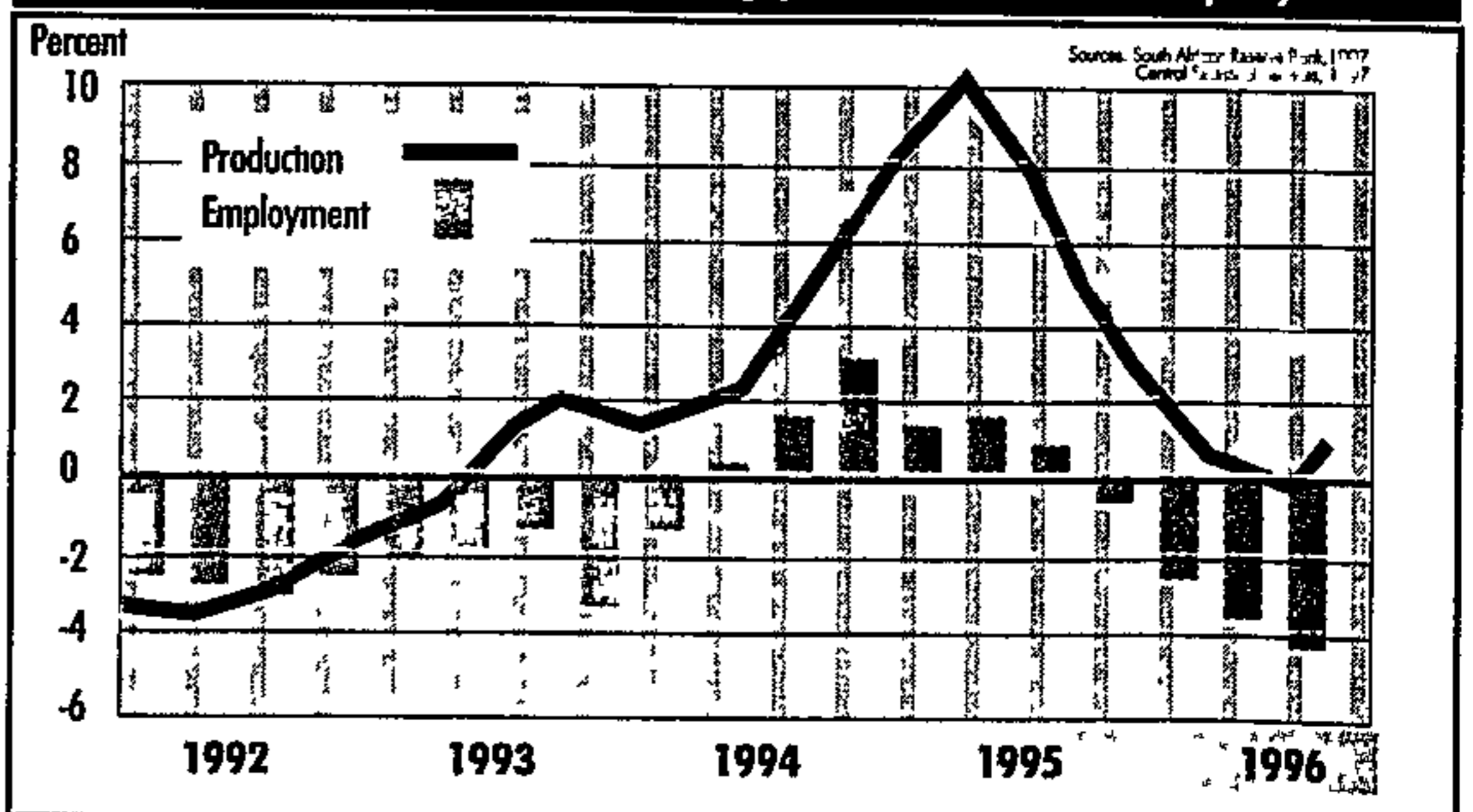
Economically active population in South Africa



Unemployment rates by race and gender



Annual growth of manufacturing production and employment



An ongoing role in the LRA

ET(BR)4/7/97

(132)

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"This included advising the president on the appointment of judges to both the Labour Court and Labour Appeal Court, as well as nominating members of the Rules Board of Labour Courts, which regulates the conduct of proceedings in court," she says

Dobson explains that although the responsibility of facilitating nominations to the Labour Court and the work that went into the implementation of the act has been completed, Nedlac continues to be involved in the appointment of new judges.

The council assures that nominations of people to positions in institutions, which were established by the new act, are reached by consensus between

Nedlac's constituencies.

Nedlac has also been involved in work related to the establishment of the Commission for Conciliation, Mediation and Arbitration (CCMA) and the nomination of its governing body

"We have on-going liaison with the CCMA in terms of which the council's labour market chamber has received briefings on how the commission is functioning

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The labour act establishes an essential services committee, under the auspices of the CCMA, to conduct investigations into and to decide whether a service can be designated an essential service

The committee also handles disputes about whether a service is an essential service and also determines whether or not the whole, or part, of any service is a

maintenance service. Nedlac nominated members of the essential services committee.

The council is busy with "codes of practice" negotiations involving picketing and re-trenchments.

"Nedlac has an ongoing role in respect to demarcation. Whenever there is an application to register a new council the registrar refers the application to Nedlac and we have to consider whether the demarcation is appropriate or not," Dobson says.

In addition, Nedlac facilitated a substantial programme of education on the new act for the benefit of workers and small businesses. It successfully secured funding for this purpose. A substantial amount of funding for the three trade union federations was obtained from the African-American Labour Centre, and an additional amount was made available from Nedlac's own funds to small business organisations

1917	67	150	1199	7.0	142	1.7
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Building constituency capacity

(1992) CT (Part 4) 7/197

An area of increasing importance for Nedlac is the capacity of its constituencies to participate meaningfully in the workings of the council, especially small business, labour and community, says Stephen Pearce, a Nedlac project co-ordinator.

"There is a need to build negotiation, facilitation, policy-making and economic skills. Funds would strengthen the process of agreement-making within Nedlac," he explains.

In addition to the allocation for capacity support in the Nedlac budget, additional funding has been secured from donors, bringing the total amount of funds leveraged for capacity-building to more than R5 million for the past two years.

Over R4 million has been managed directly by Nedlac. Of this R1.55 million comes from Nedlac's allocation, and more than R2.5 million has been provided for trade union education on the Labour Relations Act by the African-American Labour Centre. A second phase of training around the act has now been launched.

Pearce believes the capacity-building exercise around the new act has been particularly important as the new mechanisms are so fundamentally different from the old that a lack of knowledge on the ground could have resulted in confusion and a possible loss of many hours and days of production time.

Capacity-building funds have been allocated for various workshops targeting Nedlac delegates, leadership and members of its constituencies.

LRA training for Unions

	Nactu	Fedsal	Cosatu
Total number of shop stewards trained	746	832	5960
Total number of organisers/trainers trained	—	38	350
Number of workshop training sessions	21	19	17
Training manuals	—	1	1
Training	—	—	6

LRA training for small employers

	Natcoc	Fabcos
Total number of participants (small employers)	295	850
Total number of workshops	8	13
Training manuals	1	1

Monies have also been provided for the production of training videos and training manuals, and also to obtain technical inputs into the policy formulation process.

The capacity fund has been used to build the administrative capacity of negotiating parties, and has been used by labour and community to set up constituency offices.

Natcoc and Fabcos have also

received support for infrastructure

In addition, R1 million was made available by the National Productivity Institute towards the nine provincial workshops conducted in phase one of the Workplace Challenge. The Japanese Grant Fund has also put aside R500 000 for capacity building.

Support has been given to the National Rural Development

Forum and initiatives have also been taken to revive the participation of the youth in Nedlac. In the latter case a process to establish a national youth council has begun.

"We are also in the process of staff development within the secretariats and although this is not a capacity-building exercise for constituents they will be involved, so some delivery will also take place," says Pearce.



LISTEN TO US: Rose Dumpe (foreground) with other protestors

UNEMPLOYMENT: In South Africa black women are the most likely to be unemployed, followed by black men and then by coloured women. White men are least likely to be unemployed.

MANUFACTURING: Official statistics say the relationship between employment and growth in the manufacturing sector has changed. Even while output has been growing, the number of jobs in has steadily been declining



A section of the Alfa factory in Bristol Street, Benoni



Tryphina Mahlabi (front) and her fellow workers

An ongoing role in the LRA

ET(BR)4/7/97

(4/5) (132)

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Dialogue and co-operation in the workplace

ET (PM) 4/7/97

(132)

The aim of the Workplace Challenge is to support the efforts of local industry to restructure and enhance productivity in order to meet the challenge of South Africa's re-entry into the global market and to respond to the pressures of foreign competition for domestic and international markets, says Maud Dlomo, a co-ordinator of Nedlac's trade and industry chamber.

The first phase of the Workplace Challenge — a Nedlac and National Productivity Institute initiative — challenges workers and management to co-operate and engage in joint decision-making in planning strategies to enhance productivity.

But more importantly it is about skills development Dlomo says it is a challenge

to labour unions to create a new relationship between workers and management. But "it is also a challenge to management in terms of democratising the workplace and making decisions jointly with workers. Most importantly it is about adding value to the product, which means that businesses upstream need to communicate with those downstream".

The Workplace Challenge realises the need for local industry to work together in taking advantage of the effects of globalisation on our economy, which are not necessarily negative, Dlomo explains.

The first phase consisted of provincial workshops which ran from October through

December last year. These were designed to generate broad participation by the key players in each province, focusing on labour and business, with representation from the manufacturing sector, economic and public services, trade and commercial services, and the primary sector.

Nine provincial workshops were held, covering all provinces except the Free State and attended by about 900 participants from business, labour and the government.

The workshops were held over a two-day period with inputs in the morning from speakers representing provincial government, the trade and industry department, the National Productivity Institute, the Nedlac secretariat, workplace change specialists, business and labour.

During the afternoon of both days the participants split into commissions to discuss the inputs and answer specific questions relating to their sectors and workplaces.

Dlomo says it was important to overcome the differing political and ideological connotations that productivity has for management and workers.

"So we had to sit down, open dialogue and encourage workers and management to define and come to a common understanding of what productivity is".

The second phase will consist of workshop programmes in selected sectors which are to be designed according to the specific needs of those sectors. This will include reviewing existing initiatives

in the sector, scoping exercises, constituency-capacity building activity, and follow-up activity for sectors at regional and national level.

Unions face a challenge in creating a new relationship for workers and management

The workshops will assist the social partners in a particular sector to develop structures and strategies to improve workplace co-operation and enhance performance.

They will also help participants to draw from existing assistance measures and programmes provided by the government and other bodies.

The second phase's programme will be funded by the trade and industry department. The government's participation in the programme will be jointly co-ordinated by the departments of labour and trade and industry.

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Nedlac to help states set up similar bodies

John Dlodlu

(132) BD 9/7/97

THE National Economic, Development and Labour Council was assisting neighbouring countries to establish similar statutory consultative bodies, Nedlac executive director Jayendra Naidoo said yesterday

A joint conference with the International Labour Organisation for African countries to focus on the Nedlac experience in socioeconomic policy formulation was being planned for this year.

The initiatives were in response to approaches by countries in southern Africa. Delegations from Zimbabwe, Zambia, Swaziland and Namibia had visited Nedlac to learn from it.

"I think the SA socioeconomic experience is having a ripple effect in southern Africa," Naidoo said.

It responds to the conditions, aspirations and needs of the people in southern Africa." However, the Nedlac experience could not be replicated in other nations.



QUENCH

YOUR THIRST

ASSOCIATION FOR MENTAL HEALTH

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Business 'needs to negotiate terms'

Reneé Grawitzky (132)

BD 22/8/97
grounds for greater co-operation.

BUSINESS would be prepared to implement improved conditions of employment and absorb the costs if it was granted the freedom within legislation to negotiate the terms, Gencor's corporate affairs executive At du Plessis said yesterday.

At an Afrikaanse Handelsinstituut conference, Du Plessis said certain gold mines were prepared to consider a 40-hour, five-day week on condition workers worked 353 days a year. This would ensure international competitiveness and the exploitation of resources without exploiting workers.

Other industries could do the same to ensure an acceptable agreement was reached. The problem was finding

Deputy President Thabo Mbeki in his budget speech had raised one of the country's major challenges, namely the development of a national consensus. This, he said, would be difficult to achieve because of the past, which was characterised by a fragmented society.

Du Plessis said the debate on the Basic Conditions of Employment Bill had led to tensions as labour and business reverted to traditional point-scoring. The question remained whether the parties were entrenched in this mode "or can we get out of it".

Labour had been fighting for better conditions since the 1980s. "Can we in all honesty say that business since 1981 did all it could to upgrade the workforce, educate and train them?"

Nedlac set to ratify six accords

John Dlodlu

2028/8/97

(132)

The executive council of the National Economic Development and Labour Council (Nedlac) is expected to ratify six agreements tomorrow, bringing to 26 the number of accords concluded in the last 10 years.

The agreement — between labour, business and government — will include a memorandum of understanding on service tariffs, amendments to the Mines and Safety Bill and the Workers Services Bill.

Participants at the quarterly meeting will sign a "workplace challenge" designed to assist SA in re-entering the global economy.

Agreement has also been reached on a fund for research into interna-

tional competitiveness.

A number of reports will be tabled for consideration at the council, Nedlac said yesterday. These included a report on crime and violence, the state's medium-term expenditure framework and a work programme of Nedlac's four negotiating chambers.

Nedlac sought to resolve a rift among its youth members. The youth, represented by the National Youth Development Forum, have been absent from Nedlac for a year since the collapse of the forum.

"The executive council will consider a report on the SA Youth Council established in July this year" said Nedlac. The youth council, bringing together more than 30 youth organisations, would now represent young people at Nedlac.

COSATU AND THE ANC

Living with labour unrest

FM 29/8/97
Cosatu and ANC press on with alliance despite major differences

Despite the September Commission's recommendation that the Congress of SA Trade Unions (Cosatu) "strengthen" the alliance between itself and the ANC and SA Communist Party, it is hard to see the marriage holding after 1999 with the labour federation's constant sniping at the ANC's macro-economic policy, Gear

The potential for a split — leading to Cosatu forming a separate Workers' Party — is real, observers say, though not immediate. Neither partner wants a split now.

The prospect of a break is mooted as the worst scenario by Cosatu vice-president and commission chairman Connie September in her report. It might yet become likely.

Meanwhile, some kind of *modus vivendi* will have to be found to carry the two long-time allies through to the election, say labour consultants Gavin Brown and Duncan Innes. Both believe government will stick with implementation of Gear, but without significant moves to loosen the labour market — yet.

This implies there will be no let-up in industrial strikes, as witnessed with this month's rolling action by Cosatu against the Basic Conditions of Employment Bill.

After the election, a new government under Thabo Mbeki is expected to pursue Gear more diligently, including its pro-

gramme for greater labour market flexibility — the primary source of Cosatu's rage.

Brown foresees a gradual erosion of Cosatu's influence, with government making ad hoc concessions to labour aimed at keeping Cosatu on board. But these concessions will be harder to make after 1999.

The fact that a commission was set up to look into its future was a sign of Cosatu's declining influence, he says. The report certainly is forthright in acknowledging organisational weaknesses in Cosatu, membership dissatisfaction and ideological confusion in the new era.

Cosatu's fundamental differences with the ANC leadership over economic policy are clear from the commission's report. While it stops short of calling for worker control of the means of production, socialism remains its ideal.

September says Cosatu should stay in the alliance because it offers the best means to achieve transformation. Cosatu will have to push harder to achieve its ends, says general secretary Mbhazima (Sam) Shilowa.

Cosatu knows that if it does pull out of the alliance, government could simply go ahead and implement Gear's "neoliberal" policies, which the unions charge have supplanted the RDP and were, anyway, drafted by "10 white men" (The World Bank this week praised SA's economic management while calling for greater flexibility on the labour front and enhanced training).

Cosatu's first prize, therefore, is to slow down, if not radically alter, the process of Gear's implementation, Innes argues. Hence September's recommendation that Cosatu-aligned MPs be made more accountable not only to the ANC (on whose list they appear in parliament) but also to the labour federation they come from.

Amarnath Singh

THE MINISTER OF HEALTH

No there is no need to enact a new law as the existing one allows the Minister of Health to make a disease notifiable Section 45 of the current Health Act (Act No 63 of 1977) enables the Minister of Health to make a health condition that poses a public health concern, notifiable

To make the disease notifiable the Minister will publish a notice in the government gazette requiring that AIDS disease and AIDS death be notifiable Guidelines for reporting AIDS disease and death will have to be prepared to ensure uniformity in reporting Staff will have to be trained in health care facilities on the procedure for reporting AIDS disease and death The notice will be published by end of this year

It is important to state that HIV status will not be made notifiable, but AIDS disease and death will be We encourage partner notification of the HIV status

The purpose of making AIDS notifiable is to collect information on how many people have AIDS disease or died from AIDS how does AIDS manifest itself, how is it distributed in the population and what are the risk factors to AIDS The information collected will be used for surveillance of the disease identification of risk factors planning of prevention treatment supply of medicines as well as monitoring the epidemic

Patient's confidentiality will not be breached as the name or address of the patient or deceased will not be reported However, factors such as age, gender, presenting conditions, and complications, geographic location, health institution are among the important variables which need to be collected as these are critical to the effective management of HIV/AIDS

South Africa will not be unique in making AIDS notifiable For example, in Angola Egypt Kenya Malaysia Mexico and certain states in Australia AIDS is already notifiable

*34 Dr R RABINOWITZ - Health [Withdrawn]

Fund for deployment of SA troops in peace-keeping operations

*35 Col N G RAMAREMISA asked the Minister of Defence

- (1) Whether the Government is planning to

establish a special fund for the deployment of South African troops in peace-keeping operations endorsed by the United Nations, if so, (a) what are the costs involved and (b) what are the further relevant details,

- (2) whether he will make a statement on the matter? N2076E

THE MINISTER OF DEFENCE

(1) The Departments of Defence and of Foreign Affairs are currently deliberating the question as to whether Government should be approached regarding the establishment of a special fund for South Africa's participation in United Nations endorsed peacekeeping operations Neither department budgets directly for such involvement at present

Although the United Nations does reimburse participating countries, such countries have to bear the initial costs of deployment in the interim

(a) and (b) Such operations are by their very nature, expensive however, expected costs are difficult to predict until the scale of effort required, location and duration of such operations are known

(2) The Department of Defence has been working closely with the Department of Foreign Affairs in the formulation and development of an inter-departmental policy on Peace Support Operations This inter-departmental policy will, in time, be fleshed out into a national policy which will seek to guide government on South Africa's participation in such operations

Nedlac: role in solving differences between labour/business sectors (13a)

*36 Mr A WATSON asked the Minister of Labour †

(1) Whether Nedlac is still playing any role in solving differences between the labour and business sectors, if so, what role, if not, why not,

(2) whether any steps are to be taken with the view to improving the situation, if not, why not, if so, what steps,

(3) whether he will make a statement on the matter? N2077E

THE MINISTER OF LABOUR

(1) Nedlac is fulfilling its responsibilities in terms of the Act

The Nedlac Act, 35 of 1994 requires the Council to

- Seek to reach consensus and conclude agreements on matters pertaining to social and economic policy
- Consider all proposed labour legislation relating to Labour Market Policy before it is introduced in Parliament
- Consider all significant changes to social and economic policy before it is implemented in Parliament

In terms of the Founding document of Nedlac, adopted at the first Nedlac Summit on 18 February 1995, the Council shall be a representative and a consensus seeking body where the parties to the Council will seek to reach agreement through negotiation and discussion based on proper mandates If agreement cannot be reached, each party shall retain its freedom of action within its own sphere of responsibilities

Nedlac still has to develop codes of conduct to regulate the conduct of members and representatives in addition to developing conventions, rules and protocols in respect of relationships in regard to a number of matters

This matter has been raised by government representatives to Nedlac for urgent consideration Work is being done to address these shortcomings

Former homelands' value of forestry industries in possession of State

*37 Mr Z D MNGUNI asked the Minister of Water Affairs and Forestry

(a) What was the calculated value of forestry industries in possession of the State in the former homelands, as at the latest specified date for which information is available and (b) what is the area of land on which such activities took place?

The MINISTER OF WATER AFFAIRS AND FORESTRY

(a) The Department of Water Affairs and Forestry is managing the commercial forestry

(b) The amount involved is R99 642 070 46

Schedules were drawn up for the outstanding duties and served on the firms/agencies involved Liens were placed on goods in terms of section 114 of the Customs and Excise Act No 91 of 1964 of the firms/agencies involved Additional acquittal control measures regarding removal in transit have been introduced and have proved to be effective

(3) Apart from the steps referred to above, a claim

assets of the State, which were previously under the control of the former homelands These assets have an estimated value of R6 000 million These assets include trees, buildings and vehicles, but exclude the value of the land on which they are situated

(b) 140 000 hectares

*38 Mr J A RABIE - Housing [Question standing over]

Investigation into alleged corruption at Beit Bridge

*39 Dr T G ALANT asked the Minister of Finance †

(1) What were the findings of the investigating team of the Department of Customs and Excise with regard to alleged corruption at Beit Bridge and (b) what amount is involved in such alleged corruption,

(2) whether any steps and/or measures have been taken in this regard, if not, why not if so what steps and/or measures,

(3) whether any steps have been taken against any individuals, if not, why not if so, what steps? N2081E

THE MINISTER OF FINANCE

(1) (a) Investigations have revealed *prima facie* evidence of corruption and criminal proceedings have been instituted against 9 officers The case is scheduled for hearing in the magistrate's court at Pietersburg on 6 until 10 October 1997 The Officers were suspended

(b) The amount involved is R99 642 070 46

(2) Schedules were drawn up for the outstanding duties and served on the firms/agencies involved Liens were placed on goods in terms of section 114 of the Customs and Excise Act No 91 of 1964 of the firms/agencies involved Additional acquittal control measures regarding removal in transit have been introduced and have proved to be effective

(3) Apart from the steps referred to above, a claim

Nedlac ratifies research into changes at work

(132)



ART 1/9/97

Johannesburg – The National Economic Development and Labour Council ratified four reports at its executive meeting here on Friday.

This brings the number of agreements ratified by Nedlac since its inception to 24, a Nedlac statement said.

Two of the agreements deal with legislation while the others recommend a multi-million rand national fund for research into changes at work, efficiency and equity in a changing international environment until 2001.

A report on the agreement reached on the Water Services Bill, which was introduced at Nedlac in May, was tabled. The Bill seeks to secure the right of access to basic water supply and sanitation for all South Africans and to regulate the provi-

sion of water services.

The Mine Health and Safety Amendment Bill was also tabled and agreed to.

After the promulgation of the Act in June last year, business and labour in the mining industry appointed a technical committee to explore ways of ensuring the effective enforcement of the Act without resorting to criminal procedures against employers, as provided for.

"The Bill provides for such procedures to be replaced by administrative penalties," the statement said.

The executive committee also agreed to the second phase of the Workplace Challenge project, for which the Department of Trade and Industry has made available R13-million.

The second phase, which starts this

month, will involve specific industrial sectors in to improve productivity and make South African products more competitive internationally.

The fund will replace the Japanese Grant Fund, which is to be wound up at the end of the year, and will provide funds for research until 2001.

According to Nedlac, two special sessions were also held on Friday to deal with the state of housing delivery.

"A special committee of Nedlac's development chamber was tasked to develop concrete initiatives to enhance mass delivery of housing with the aim of strengthening the way in which subsidies lead to the construction of houses and to leverage private sector resources for housing delivery," the statement said – Sapa

Govt attacks 'adversarial' Nedlac

Reneé Grawitzky

(132)
SD 2/9/97

THE National Economic, Development and Labour Council's (Nedlac's) role in policy formulation would have to be reviewed, as adversarial stances by its members were slowing down government attempts to implement socioeconomic reforms, labour department director-general Siphon Pityana warned yesterday.

The complaint follows the failure of unions and employers to reach agreement on the Basic Conditions of Employment Bill and signals possible moves to curb Nedlac's power. A government source said it would take a miracle or major political intervention to ensure agreement was reached and the bill was tabled this year.

Pityana said Nedlac needed a "shake-up". Government could not be conducted by collective bargaining

Nedlac was supposed to promote dialogue and consensus, he said. However, a climate of conflict had developed, putting in jeopardy the presidential jobs summit and the five-year plan.

"Nedlac's success or failure is measured by whether it can channel conflict into constructive debate. Its role, and whether the time spent on it by ministers, senior government officials and others is warranted, will have to be reviewed."

He said a fresh look was needed at legislation requiring all labour law to be discussed in Nedlac. Nedlac, he said, had entrenched a collective bargaining approach to policy formulation, and disagreements represented deadlocks which led to mass action.

The jobs summit would be convened by President Nelson Mandela only if discussions had been "fruitful in order to set a successful launching pad for a

job creation programme", Pityana said. Nedlac's executive council agreed on Friday the summit would not take place next month. The management committee would develop a programme, with Nedlac facilitating discussions leading up to the summit.

Meanwhile, the Skills Development Bill is to be tabled in Parliament today. It is not expected to differ markedly from the green paper released in March. The bill is expected to call for a training levy of 1% to 1.5% on employers' payrolls, towards a dedicated national training fund.

The major departure from the green paper is the establishment of new structures — sectoral education and training boards which will fall under sectoral education and training authorities. These boards will ensure that training providers from each sector will have direct access to funds.

Cosatu warns that alliance with ANC and SACP could end

Star 4/19/97 (132)

By Jovial Rantao
Political Correspondent

Cape Town - Cosatu, which forms part of the tripartite alliance with the ANC and the SA Communist Party, has warned that a lack of transformation and governance would lead to the disintegration of the alliance.

Cosatu general secretary Sam Shilowa said it was in the interest of workers to ensure the alliance remained intact.

In his political report ahead of the federation's annual congress, he said the challenge facing Cosatu was to come up with proposals which would ensure that the

alliance functioned effectively. The proposals should also give direction to governance and transformation, deal with forces blocking transformation, and develop an alliance programme or agreement to lead the transformation process.

"Just as the alliance is our only viable hope for transformation, a lame-duck alliance spells disaster for transformation and democracy. There are signs that some in the ANC realise this," Shilowa said.

He said Cosatu's executive committee had proposed, among other things, that the alliance should reach an

agreement on strategic areas that should drive transformation.

Such an agreement would lay the basis for an election platform in 1999.

Cosatu's annual congress, to be held next week, needed to discuss the implications of such an agreement.

"More importantly, it needs to discuss the implications of failing to secure an agreement, and allowing the current situation of continuous tensions and lack of an agreed strategy to continue.

"Even if we decide against a comprehensive programme, we need to adopt alternatives to propel social transforma-

tion," Shilowa said.

Cosatu has expressed reservations that it was not "getting value for our money" from the 20 trade unionists on the ANC election list for national and provincial legislatures.

He said that when Cosatu released its members to be MPs, its aim was to reinforce the ANC's election campaign, to ensure that members with a direct knowledge and understanding of the concerns of the trade union movement took that commitment into the Government.

"The strategy to strengthen the ANC and to ensure an election victory appears to

have paid off. It is, however, doubtful as to whether we are getting value for our money from these comrades."

He said that in deciding on participation of worker leaders in the 1999 elections, various factors should be taken into account. These included: ■ Whether the negative effect on organisations of releasing comrades outweighed the benefit of their working in the Government.

■ Whether refusing to sanction their participation would serve any purpose.

■ Progress in reaching an agreement to make the alliance function more effectively.

Keep alliance intact — Shilowa

ET 4/9/97

(132)

POLITICAL STAFF

JOHANNESBURG: Cosatu, part of a tripartite alliance with the ANC and the SA Communist Party, has warned that lack of transformation and governance will lead to the disintegration of the alliance.

Cosatu general secretary Mr Sam Shilowa said it was in the workers' interest to ensure that the alliance remained intact.

In his political report ahead of Cosatu's annual congress next week, Shilowa said the challenge facing Cosatu was to come up with proposals that would ensure that the alliance worked effectively.

The proposals should also give direction to governance and transformation, deal with forces blocking transformation and develop an alliance programme or agreement to lead the transformation process.

"If these strategies fail, the danger exists of a disintegration of the alliance in the long term, with all its implications. While

this scenario is not in the best interests of workers, we cannot ignore it. We therefore need to focus our energies on putting in place concrete steps which will ensure that this does not materialise.

"Just as the alliance is our only viable hope for transformation, a lame duck alliance spells disaster for transformation and democracy. There are signs that some in the ANC leadership realise this danger and, together with us, are looking at a long-term solution to the problems of the alliance," Shilowa said.

He said Cosatu's executive committee had proposed, among other things, that the alliance should agree on strategic areas that should drive transformation.

Such an agreement would lay the basis for an election platform in 1999.

Cosatu's annual congress needed to discuss the implications and desirability of such an agreement.

"More importantly, it needs to discuss the implications of failing to secure an

agreement, and allowing the current situation of continuous tensions and lack of an agreed strategy to continue. Even if we decide against a comprehensive alliance programme, we need to adopt alternatives which will enable us to propel social transformation.

"An effective alliance programme depends on an effective, functioning and well co-ordinated alliance. The loose structures of co-ordination of the pre-election period are now hopelessly inadequate to deal with the challenges of the transition and governance. The challenge of developing functioning alliance structures goes way beyond the issue of regular meetings. It requires the setting up of appropriate structures and co-ordinating mechanisms at all levels, which have the authority and resources to take the appropriate decisions," Shilowa said.

Cosatu has called for the establishment of the Alliance National Office Bearers as a regular structure for co-ordinating issues.

Cosatu lashes out at Govt rethink of Nedlac

Reneé Grawitzky

IN ITS secretariat report for the triennial congress, the Congress of SA Trade Unions (Cosatu) lashed out at government supporters of the move to reduce the powers of the National Economic, Development and Labour Council (Nedlac).

The report released yesterday ahead of the congress, to be held from September 16 to 19, said "a lobby in government has been pushing for Nedlac's powers to be reduced, on the basis that it undermines the sovereignty of Parliament". This lobby was backed by "those who undermine the role of the alliance (between the African National Congress, the SA Communist Party and Cosatu) in policy formulation".

Meanwhile, the SA Institute for Race Relations called on government to scrap Nedlac entirely as it and social partnership were undemocratic. This call came after comments by labour department director-general Siphos Pityana that Nedlac's role should be reviewed.

The Cosatu report said employers had adopted an expedient and unprincipled approach to Nedlac.

They participated because they were afraid of the alliance's potential to push transformation through parliament. "Where the government adopts policies which they approve of, they are happy for Nedlac to be sidelined. Where the government introduces transformation legislation or policy, they want to use Nedlac to block progress," the report said.

Cosatu said Nedlac should be seen in the context of the need to deepen democracy. However, "we must not lock ourselves into Nedlac, but adopt flexible strategies depending on the issue".

Cosatu said the alliance had to agree on an approach to Nedlac as inconsistency would put Nedlac and the alliance under increasing strain.

Cosatu acknowledged that Parliament was sovereign and retained its right to amend or reject any proposal put before it and said there was a need for a

more dynamic and interactive relationship between Nedlac and parliamentary committees.

The SA Institute for Race Relations' communication director Cohn Douglas said his organisation had been critical of Nedlac and social partnership from the outset. Social partnership, he said, was by its nature undemocratic.

Douglas welcomed Pityana's comments and said government should go further than scaling down Nedlac and scrap it entirely. This would then allow government to amend legislation to allow for more flexible labour markets and a lower regulatory burden on small business, "without being obliged to seek the support of Cosatu and established business".

"The current requirement that economic and labour legislation be referred to Nedlac prior to its tabling in Parliament is undemocratic. Lawmaking is the province of the people's elected representatives in Parliament," Douglas said.

See Page 12

Date set for mine deaths inquest

Fayn Lambert
Bd 4/9/97

AN INQUEST into the deaths of 10 people killed during a rockfall at the Deelkraal Gold Mine in Carletonville in May this year will start on September 30.

The proceedings will be heard by Judge Ramon Leon and two assessors, Prof MTU Ozbay and GF du Toit.

The National Union of Mineworkers (NUM) will provide legal counsel for the families of seven of the men, while the remaining three families will arrange their own counsel. Deelkraal management and the minerals and energy department will be represented.

At a preliminary meeting held in Braamfontein yesterday, Leon asked all the parties to provide each other with the necessary documentation by September 12. He said the inquest would be an evidence-gathering exercise and "not a game", so there would be a free exchange of documents.

The documentation would include witness reports, affidavits from management and technical evidence by experts.

The mine workers died after seismic activity 2 666m underground at the Deelkraal Number 1 shaft which measured 3,6 on the Richter scale.

Nedlac has key transitional role, in spite of the prophets of doom

With the role of Nedlac under scrutiny, John Dlodlu asks whether attacks on it are not misplaced

ONE of the unfortunate aspects of SA's transformation into a democracy is that each time the process hits a snag, some key players throw their hands in the air in despair and say it is not working. This angst has also characterised the existence of the National Economic, Development and Labour Council (Nedlac).

This week alone, labour director-general Siphon Pityana called for a review of Nedlac's role. Each time social partners at Nedlac take the debate from the statutory negotiating forum, commentators ask desperate questions like, "Is this the end of Nedlac; do we need it at all, where to from here?"

This was the case in negotiating the Labour Relations Act, and when government took months before tabling its input on supply-side measures. It was also the case when business released its thinking on economic policy, attracting an angry response from labour.

Now there is difficulty between labour and business in cobbling together agreement on the Basic Conditions of Employment Bill.

Fortunately Nedlac executive director Jayendra Naidoo is not among the pessimists. Otherwise, the two-year-old body, formed from the National Manpower Commission and National Economic Forum merger, would have collapsed by now.

In a recent interview, he said the tendency to throw hands in the air stemmed from unrealistic expectations of quick and easy processes. It also reflected insufficient grasp of the consensus-seeking process.

Despite the public spats between the partners — who take issues into the streets or newspapers when they cannot win at the negotiating table — one crucial lesson learned, says Naidoo, is that an instrument like Nedlac is "quite indispensable for encouraging effective participation of organised sectors in policy making".

While South Africans may un-

derestimate the achievements from this way of managing conflict, people from neighbouring countries have been streaming into Nedlac's Milpark headquarters seeking to learn about it.

Naidoo, a former unionist, says the SA experience reflects the needs and aspirations of southern Africa's people.

During the past two years, Nedlac, through its four negotiating chambers, has produced several accords including the National Small Business Act; the Labour Relations Act; and is preparing ground for the establishment of the investment promotion agency, Investment SA.

Naidoo points out some of the more recent gains made by the consultative process. In the trade and industry chamber, a process to address impediments to competitiveness through the "workplace challenge" initiative has been introduced.

The trade and industry department has committed R13m to assist firms and managers in the enhancement of efficiency. Discussions have started on state procurement policies.

This year also saw the rarely written about development chamber producing its first agreement, providing local economic development guidelines.

The public finance and monetary policy chamber — which has a lower profile compared with the occasional outbursts at the trade chamber or the rolling mass action coming out of the labour market chamber — is facilitating the compilation of inputs from business and labour into the health and education votes of the budget.

However, the past two years have also brought to the fore the difficult challenges that lie ahead for Nedlac.

Naidoo points out that there is still a lot of work to be done to achieve consensus on "bigger issues" like labour market flexibility, employment creation and fis-

cal and monetary policy

In fact, apart from briefings by Reserve Bank governor Chris Stals, there has been no discussion of note on monetary policy at Nedlac despite a general view that SA real interest rates are high.

Ideological differences make it difficult for parties to see eye to eye on these big issues. The ideological gulf was perhaps why government had to put a "wall" around its growth, employment and redistribution (Gear) macroeconomic strategy.

However this caused another problem. The nonnegotiable nature of the strategy resulted in perceptions — right or wrong — that government has only been able to achieve those Gear targets for which it requires no input from labour and business.

Thus jobs targets, for example, needing commitment of all parties, have not been met. Practically, the capacity of stakeholders — notably labour and community elements including government delegates — to engage meaningfully in policy debates is lacking and has to be beefed up.

Naidoo says this is being done by workshops and interventions made possible by the Nedlac "capacity" fund — the kitty that supports constituencies. Since its inception, the community constituency has been plagued by setbacks, most notably, membership problems.

A year ago the youth body, the National Youth Development Forum, collapsed after being liquidated, and youth were absent for a year. Now there are attempts being made to bring them back. Slowly, but surely, women's and civic bodies are finding their feet.

If anything, the past two-and-a-half years suggest that Nedlac is indispensable to SA's transition. It is crucial that policy debates happen in a forum like Nedlac. In the absence of a forum for a public discourse, it will invariably end up on the streets, Naidoo warns.

BD 4/9/97

(132)

By Abdul Milazi

THE Congress of South African Trade Unions (Cosatu) will have to strike a reconstruction and development accord with the African National Congress or review its participation in the tripartite alliance

These are the undercurrents in Cosatu's secretariat report to be presented at the federation's sixth national congress at the World Trade Centre on September 16

The report says there is a sense that the federation's influence on macro-economic and socio-economic policy is declining

Cosatu general secretary Sam Shilowa has been reported as saying

Cosatu-ANC alliance could be under threat

In the pre-election period, when we addressed congress outlining Cosatu's vision, we spoke about changes we wanted to see implemented in the new South Africa

Now that the future democratic dispensation we always talked about has arrived, we realise that the future isn't what it used to be

The lack of progress in the formulation of a programme for the tripartite

Source: *South African* 5/19/97 (13a)

alliance, is also of major concern to Cosatu, especially after its national executive committee released a discussion document on the subject last year

The document proposed that the alliance should reach an agreement on strategic areas of social transformation, and this would form the basis for the 1999 election campaign

Cosatu lists its concerns as the failure of the alliance to develop a

strategy to implement the Reconstruction and Development Programme (RDP) and the emergence of major policy shifts in a number of issues between the partners, "without any open and frank discussions" by the alliance

The report says the major challenge facing Cosatu is to put forward workable proposals aimed at ensuring the efficiency and effectiveness of the

alliance in giving direction to governance and social reconstruction

It warns that "if these strategies fail, the danger exists of a disintegration of the alliance in the long term"

The September Commission report, in one of its scenarios, also warns that the federation might have to consider pulling out of the alliance, should the ANC move to the right

The secretariat report claims that "the role of the ANC as government has added to the natural class and organisational tensions" within the alliance

Also there is raging debate about the role of Cosatu in building the ANC, and whether its leaders should take positions in the political organisation

When three becomes a crowd

Government, business and Cosatu at odds over labour policy

ST 7/9/97 (132)

Disparaging comments about Nedlac by some of its members have put the council's usefulness under the spotlight again. CAROL PATON looks at the deterioration in relationships between the government, business and labour

AN UNNAMED trade unionist reportedly described the National Economic Development and Labour Council as such "The (union) leadership lets us play in the sandpit, and then they arrive in fire engines. They do what they want and ride into the sunset."

This description, in a research paper written by the Cosatu think-tank Naledi, captures the endless-to-ing and fro-ing that tends to precede deal-making in Nedlac.

But in the council's most recent attempt to get a deal on a contentious issue — the Basic Conditions of Employment Bill — union leaders headed off in their fire engine without putting out the fire.

Nedlac's failure to deliver an agreement on the Bill lies behind the comments this week by Sipho Pityana, the director general of the Labour Department, that the organisation's role in policy-making would have to be reviewed. His statements implied the need for a fundamental rethink on policy-making by consensus, or corporatism.

But South Africa's evolving brand of corporatism did not arrive by accident. Mostly it emerged because it was won by a powerful politicised and well-mobilised trade union movement that had won

representation on state advisory bodies

After massive rejection by workers of the Labour Relations Act in 1988, Cosatu forced the government to restructure the National Manpower Commission into a body to consult on labour legislation.

Cosatu also engineered the formation of the National Economic Forum to negotiate economic policy after mass protests over the introduction of VAT in 1991.

It became clear to all that participation in policy-making was a better alternative to slugging it out in the streets.

In other areas, too, like development and education, communities are party to a variety of social pacts. Workers and employers in a number of companies and across some industries also have social agreements.

South Africa's brand of corporatism is therefore both extensive and unique, says

Naledi sociologist Glen Adler

In some ways it is — nowhere else in the world is there an agreement-making body such as Nedlac, which is compelled by law to consider all labour and important social and economic legislation. But many European countries have social and economic councils where policy matters are brought to stakeholders for discussion.

Dave Lewis, an economist at the University of Cape Town, says such institutions are essential for the governing of complex societies.

"Sophisticated industrial societies need mechanisms by which interest groups can interact with the government in a meaningful way. And they'll insist on doing so, even if you don't have formal institutions like Nedlac," he says. "Nedlac makes it more transparent."

Interest groups as organised and cohe-

sive as South African business and labour will not disappear if Nedlac does, or if its power is curbed.

"To think they would is a naive view of how much support the government needs to govern and how much information it needs," says Lewis.

However, Nedlac's failure to put out the fire on the Basic Conditions of Employment Bill indicates something is wrong with South Africa's brand of corporatism.

For deal-making to work, everybody has got to be ready to trade. The usual incentive to do so is that there is no better alternative.

But in the case of the Bill, Cosatu believed it could win its demands through lobbying ANC parliamentarians — a route Labour Minister Tito Mboweni subsequently closed off.

This is a symptom of what is wrong. Corporatism has almost always involved wage moderation in return for long-term benefits (like job security).

Labour has, for the most part, been sceptical and overcautious of what can be achieved through social pacts. But amid disturbing noises made by the

government over Nedlac's future, Cosatu is already starting to make more positive noises. The September Commission, an internal inquiry into the future of the labour movement, advocates that Cosatu adopt an approach to Nedlac that helps to strengthen it and increases its legitimacy.

The commission also puts forward suggestions for what types of pacts labour could entertain at a broad national level, suggesting as possible areas the "social wage" — employment benefits like pensions and insurance — and training.

But labour is not only to blame. The government's presentation of its economic strategy as non-negotiable, and business's adversarial stand on labour-market policy have also dampened the political will to reach agreements.

But reducing the importance of social partnership in policy-making will only take us back in the direction from which we have come.

Interest groups and political pressure on the government will not disappear. Instead, labour will use its privileged access to the ANC for as long as it lasts or take to the streets, and business will resume the secretive lobbying it practised before



ALL WORKED UP, Tito Mboweni, who stopped Cosatu lobbying ANC MPs on his contentious Bill

New SA faces old labour problems

CT(BR) 8/9/97
FRANK NXUMALO

(132) (132) (132)
ference on the reorganisation of the workplace

Johannesburg — South Africa's transition to democracy in 1994 changed the political landscape and introduced new challenges for the labour movement, but today the problems that confronted workers before that watershed remain largely the same.

Working conditions on farms, mines, factories, offices and shops have not changed dramatically with the demise of apartheid. The industrial colour bar remains intact. Salaries, especially on the farms, remain exceedingly low.

A recent study by the Farmworkers' Research and Resource Project, a non-governmental organisation working with farmworkers, shows that on most farms the total wages (in cash and kind) for women and children are as low as R100 a month. Male workers are a little bit better off at R250 a month.

Moreover, democratisation did not translate into an employment boom. On the contrary, the economy shed thousands of jobs, swelling the ranks of the unemployed.

This combination of old problems and the new order — especially the growth of a black middle class, the culture of self-enrichment and the loss of versatile and highly experienced trade unionists to government and business — makes the task of organising workers in the new South Africa a difficult one.

The country's overwhelmingly black labour movement is wakening to the rude reality that there is no difference between white and black capitalists, after having faced former comrades-in-arms over the retrenchments of thousands of workers.

The class factor in trade union activity has also meant unions have had to show potential recruits why it is an advantage to join. By and large, voluntarism is being relegated to history.

James Motlatsi, the president of the National Union of Mine-workers (NUM), said that during the dark days of apartheid many people thought that as black people they did not have a class problem, only a racial one.

Some people believed that once the racial issues were solved, everything should have been fine, he said.

"Although racial discrimination is now officially abolished and a few blacks have infiltrated the top of the triangles, the vast majority still feel discrimination is real," Motlatsi said last month at the Cosatu "Them and Us" con-

"Wages are painfully low, working conditions are unpleasant, arduous and often dangerous; in the mines very little has changed," he said.

He said mines still employed migrant labourers who lived in single-sex hostels and rarely saw their families.

"Hundreds die each year and thousands are injured as before, owing to mine accidents, many are sick and die of silicosis, emphysema and asbestosis through the generation of dust underground; the spread of contagious diseases such as TB, VD and Aids is rampant," he said.

Motlatsi warned in the new South Africa it would be fallacious for the labour movement to blame these adverse conditions on apartheid alone, as the situation was much more complex.



James Motlatsi

"Some of us are now having to confront black employers and black managers. We are finding that they are no different from white ones," he said. "This can only be explained by the fact that capitalism is the source of the problems. A white capitalist is no worse than a black one."

Motlatsi said these new conditions meant trade unions had to show potential members, by the quality of the services they provided — including legal protection, educational assistance and social security benefits — that it was better to join a union than remain outside it.

This has been a particularly arduous task for the NUM, which has never had to persuade mineworkers to join it. At the height of the racial conflict in the mid-1980s, when every ailment in society was blamed on the pariah apartheid state, NUM membership soared from 12 000 members in 1983 to 300 000 in 1987.

Motlatsi said other powerful tools available to trade union leaders in organising workers in the new dispensation included quality shopsteward education and the real value to workers of collective action.

"Collective action gives individuals strength, it does not displace them," he said. "It gives protection to individuals so that they can speak their minds without fear of reprisals, and facilitates the development of radical opinions which individuals would never express themselves."

From Motlatsi's argument it would appear that for unions to succeed at all, they would need a radical change of mind-set through quality union education of their shopstewards and members.

Labour-business impasse goes on

Nowetu 9/9/97 (132) (158)

By Abdul Milazi

THE Basic Conditions of Employment Bill is unlikely to be passed this year as business and labour continue to avoid each other industrial relations experts said yesterday

Organised business and the Congress of South African Trade Unions have not talked in more than a month after negotiations deadlocked on certain provisions of the Bill

Labour expert Gavin Weiner said that the extension of the deadline for the Bill to be submitted to Parliament from September 15 to October as speculated in the media, could have worked if the parties were talking

Labour Minister Tito Mboweni was reported at the weekend to have blamed business for the impasse saying a settlement could have been reached had they not indicted Cosatu on two occasions over planned mass

Basic Conditions of Employment Bill unlikely to be passed this year

action against the Bill

A reliable source in Government said it would take a major political intervention to have the September 15 deadline for the Bill to be submitted to Parliament extended

Business and Cosatu failed to meet the August 15 deadline to reach consensus

The source said "Mboweni cannot risk pushing the Bill through without consensus having been reached at the National Economic Development and Labour Council (Nedlac)

"If labour and business continue avoiding each other, Mboweni may have to withdraw it as he has warned"

Cosatu yesterday denied media reports that it is to continue negotia-

tions on the Bill

Cosatu spokeswoman Nowetu Mpati "Who are we to negotiate with because we are currently not talking to business The only mandate Cosatu was given at a special executive meeting last Friday was to review the alliance proposals towards reaching a political settlement on the Bill"

Mpati said Cosatu's aim was still to see that the Bill went to Parliament and have it debated and passed there, since business was not willing to accede to workers' demands

She said this was what the alliance partners were debating

"Currently we are only negotiating with the African National Congress and not with business"

Progress in talks on employment bill

Reneé Grawitzky

BA 10/9/97 (132) (132)

GOVERNMENT and Business SA meet this week to discuss a settlement which is being hammered out between the Congress of SA Trade Unions (Cosatu) and the African National Congress (ANC) on the Basic Conditions of Employment Bill

All parties were tight-lipped last night in an attempt to deflect media attention from the behind-the-scenes attempts to reach a compromise

It is understood that a cabinet committee meets today to decide whether or not the bill will go to Parliament this year. The ANC's national working committee was to have discussed this issue on Monday

A labour source said government had indicated that it might be possible for the bill to be tabled in October, even though the initial deadline of September 15 had passed

The last-minute bid to broker a deal takes place in the wake of a Cosatu executive committee decision on Friday "to continue negotiations" with the ANC. It is understood that Cosatu has requested a meeting with the ANC

Union sources said the executive committee had adopted options which could bring it and the ANC into a settlement area. Cosatu had appeared to accept a range of options which would accommodate business concerns around increasing costs and flexibility and meet some of labour's demands

The source said Cosatu was prepared to consider the averaging of working hours over a period of time and reverting to overtime rates of time-and-a-third instead of the proposal in the bill for time-and-a-half and a reduction in pay for Sunday work

Four months' paid maternity leave financed through the Unemployment Insurance Fund was still on the table

Cosatu would be prepared to accept anything less than a 45-hour working week. However, a labour source said a lot depended on whether business was prepared to make some movement

It is understood that the variation model, to vary conditions of employment up or down, has changed slightly from the position in the bill

CCMA presence in Nedlac queried

Reneé Grawitzky

BS 10/9/97 (132)
LABOUR and business have questioned government's proposal to bring a Commission for Conciliation, Mediation and Arbitration (CCMA) facilitator into the National Economic, Development and Labour Council (Nedlac) negotiations on the Skills Development Bill.

Labour, government and business convenors meet tomorrow to discuss this proposal while Business SA (BSA) meets tonight to formulate a mandate.

Nedlac confirmed that the possibility of approaching a CCMA facilitator was discussed by labour last week. The

idea was floated informally with business when it was briefed on the bill.

BSA appeared divided on this issue and questioned whether government was anticipating conflict over the bill as occurred with the Basic Conditions of Employment Bill.

Some elements in business believed it would be useful to have a skilled facilitator from the outset while others were concerned in light of the debate around Nedlac's future and government's call for the institution's role to be reviewed. A business source said that if this issue was not handled carefully it could further undermine tripartism and Nedlac.

Parsons leaps to the defence of Nedlac

René Grawitzky

BD 11/9/97

(132)

THE National Economic, Development and Labour Council (Nedlac) did not create the confrontation over the Basic Conditions of Employment Bill and could not be blamed for its failure to deliver on controversial issues, the SA Chamber of Business (Sacob) said yesterday

Sacob director-general Raymond Parsons raised crucial questions on Nedlac's role and told a Border Chamber of Business meeting in East London they should question whether Nedlac's imperfections were only "serious in the eye of the beholder"

Parsons said it was not surprising that the labour department had vented its frustration by attacking Nedlac "If

one social partner undermines the legitimate role of Nedlac as a "tripartite" consultative body, it is predictable that the cry will go up that "the government must govern. At the end of the day that is what governments must do"

Consensus-seeking was still essential to stabilise SA, as the country had not yet consolidated the new democracy and economic restructuring sufficiently to dispense with "tripartism", Parsons said "If Nedlac did not exist, we would have to invent it to help us through the transition in SA"

He said a lack of a common economic vision placed Nedlac under strain. "The strains in the African National Congress-Congress of SA Trade Unions-SA Communist Party alliance have been projected onto Nedlac"

Erasing Nedlac won't rub out any problems

CT (BR) 21/10/97

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LAEL BETHLEHEM

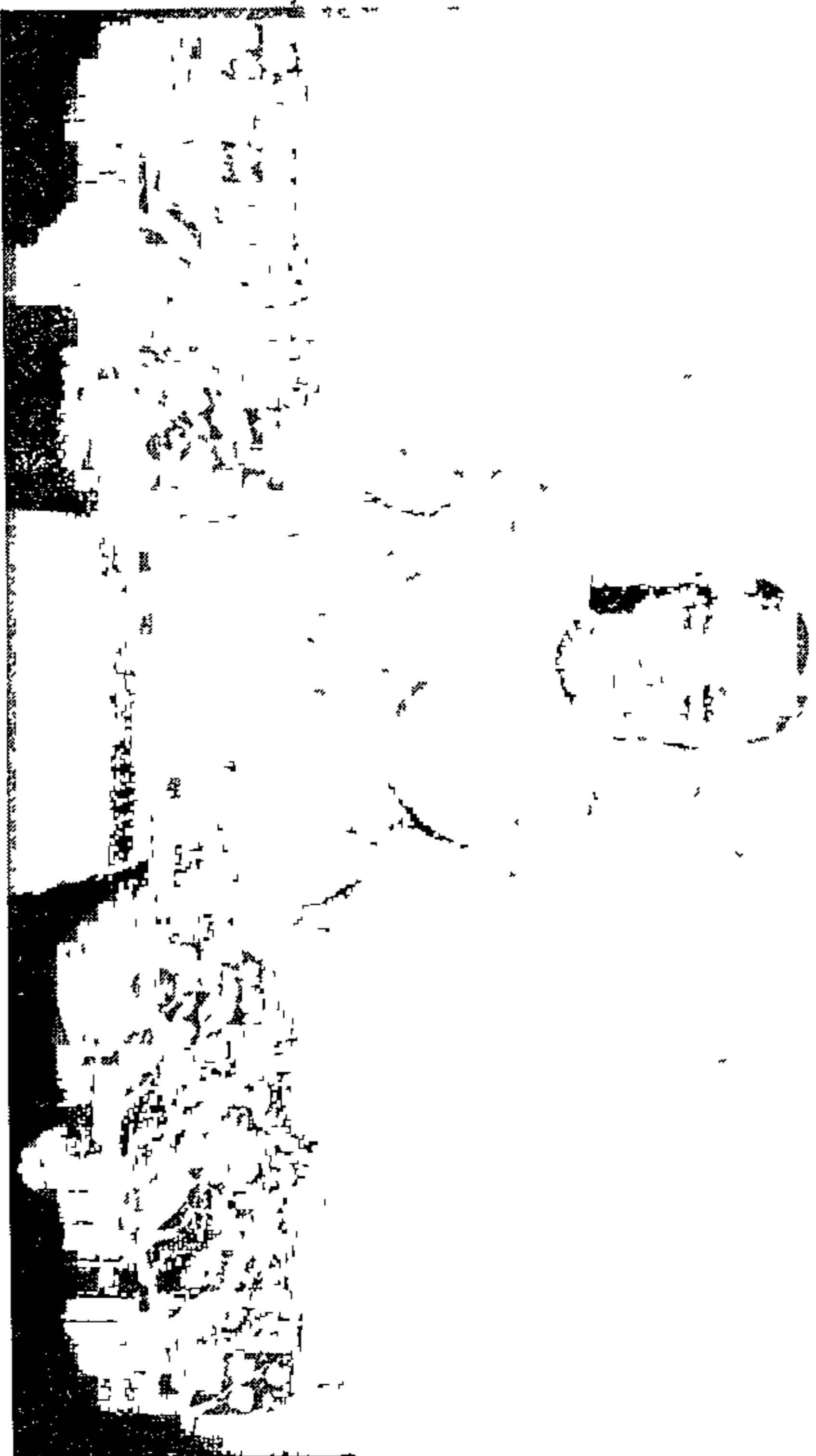
Sipho Pitso, the labour director-general and the government's overall concern with the Nedlac model, which was designed to build consensus over difficult issues

His concerns were followed by a call from the South African Institute of Race Relations (SAIRR) for Nedlac to be disbanded in the interests of democracy and job creation. This seems an incredible demand. Given the limited opposition in our parliament, Nedlac is a key forum for democratic governance.

The SAIRR statement implies that without Nedlac there would be no need to consult, no opposition to the government's policies and no conflict over the process of change. This is clearly untrue.

In the arena of labour market policy in particular, it is difficult to imagine life without Nedlac. If it is difficult to get business and labour to agree on standard working hours with Nedlac, imagine trying to do that without it. Could government really change the basic conditions of employment without substantial consultation with business and labour? Could it introduce a new training system involving substantial costs and change without negotiation? Could a jobs summit involving possible commitments from the parties be achieved by the government alone?

It is clear there is a need for Nedlac, a need for ongoing consultation and negotiation



unless, of course, the government intends to rule by decree. But it is also clear the Nedlac system is not delivering all that it might.

Nedlac is a highly flexible organisation that operates with few rules or protocols. Issues are debated at one of Nedlac's four chambers and then at the management committee and the executive council. But effectively there are no deadlines and no real costs for inefficiency. This leads to a tremendous build-up of frustration and makes the Nedlac process extremely unpredictable.

Flexibility has its benefits, but perhaps it is time to define some parameters. Such parameters would take account of the constraints faced by parties, but

impose some binding deadlines. In this way parties would be given every opportunity to negotiate without being able to hold up the process unduly. Parties should also have a limited number of bites at the cherry, restricting the ability of a party to change its position fundamentally in the middle of a negotiation. This would mean negotiators would have to get their mandates earlier, so processes which were far advanced could not be taken back to square one.

One of the problems facing negotiators at Nedlac is that they are often overstretched. They must attend routine Nedlac meetings every second week as well as subcommittees and negotiations, in addition to their usual workload. For this

reason it is often weeks before dates can be found for important meetings. Perhaps it is time for some negotiators to be released from a portion of their other duties, or to be available for, say, three full days at a time. This may involve some commitment of public funds.

The government usually approaches the parties once it has completed a green paper on a particular issue. By this time government officials are often strongly committed to the contents of the paper, although it is not official government policy. The other parties, having had little exposure to the issues before, are now confronted with a government position on which they must comment.

This promotes an adversarial

style of negotiation. It may be better if the Nedlac partners got together earlier by holding joint policy workshops, agreeing on a research agenda and discussing issues before they have to take a position. This would allow government officials to engage without having a position to defend.

Perhaps the Nedlac process should be less concentrated on agreements. As Pitso correctly points out, a policy process is not the same as collective bargaining. A defined disagreement should be seen as a possible outcome of each Nedlac negotiation.

This would send a signal to the government about what the debates are without necessarily resolving them. In the basic conditions of employment negotiations it may be better to record the substantial areas of agreement, but conclude that in the arena of working hours the parties' positions are incompatible. Similarly, the parties are divided on the issue of payments for local services. Better to say that we, as South Africans, disagree over whether the poor should pay for their services than to throw up our hands and decry the very concept of consultation.

Nedlac does not invent the conflicts between different forces in our country, and its removal would not make them disappear. The only real question is how Nedlac can be reformed in order to manage those conflicts more effectively.

□ *Lael Bethlehem, Nedlac's research co-ordinator, wrote this article in her personal capacity.*

No end to icy labour relations

(132) (123)
FRANK NXUMALO

Johannesburg — Cosatu would not try to build relations with business during its forthcoming sixth congress scheduled for next week, Sam Shilowa, the labour federation's general secretary, said yesterday

Shilowa said until there was convergence of approach between business and labour towards developmental and transformation issues, there was no urgency in trying to bridge the country's strained industrial relations

Shilowa said "We think relations happen when there is a conducive climate Presently, in this country, there is no climate conducive to strive to improve relations with the employer

"Our focus is rather building a strong Cosatu able to engage in issues pertinent to centralised bargaining This, however, does not mean we won't talk to business"



OUR DAILY BREAD

Sam Shilowa, Cosatu's general secretary, adopts a prayerful pose

PHOTO JOHN WOODROOF

CF (MA) 12/9/97

Trust in Nedlac cardinal in negotiation

IT IS tempting to view the recent criticism of the National Economic, Development and Labour Council (Nedlac) as an occupational hazard. After all, Nedlac contributes to the success of social partnership precisely by encouraging its constituent parts to "own" its successes, and by absorbing criticism more appropriately aimed at government or the social partners.

However, Nedlac trades on its credibility, and if unanswered criticism devalues this vital asset, the organisation's performance will be undermined. The more so when amongst Nedlac's most persistent critics are senior government officials, themselves key participants in the social partnership process.

Earlier this week, Business Day reported critical remarks from the respected director-general of the labour department, the overall convener of the government team in Nedlac. Stripped to its essentials the criticism of Nedlac takes the following form:

Nedlac, its critics hold, is a creature of the pre-1994 interregnum. Then, in the absence of legitimate government, society took responsibility for keeping the ship afloat and for charting its course. But now, with a constitutionally legitimate and widely supported government, we do not need these transitional arrangements. Moreover, now that we have a trusted captain and are set on the right course, speed is of the essence. At best, social partnership is retarding progress — at worst, it may

even be steering us off course.

These issues are not uniquely South African — underlying them is a key question posed in a range of societies, including the wealthy industrialised democracies, but particularly pertinent in the relatively poor, newly democratising societies of the Third World.

At issue is the interplay between economic policy reform and democracy. Both are upon us, but

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proclaimed nonnegotiability of the growth, employment and redistribution strategy was effectively a credibility-enhancing exercise. The centre had taken charge.

Macroeconomic policy lends itself to centralised policy-making. The levers and options are few. It effectively proceeds by setting key prices — the interest and exchange rates — and by laying down parameters for government

used the importance of accord around macroeconomic policy.

However, labour market policy, industrial policy and social policy do not even permit the illusion of centralised determination. Here we are into the complex arena of restructuring and institution building. Here policy cannot be formulated, much less implemented, without the active connivance of those at whom it is aimed. Even

above criticism. To perform effectively, Nedlac must be particularly adaptable; its procedures must be subject to continual review. Nor

is it to claim a monopoly for Nedlac. The efforts made to resolve the Employment Bill through the alliance and through bilateral processes are necessary complements to Nedlac's efforts.

Nor should the conduct of the social partners escape scrutiny.

Government needs to nurture Nedlac and use it to interact with civil society, rather than shoot it down in flames, writes David Lewis

do they reinforce or undermine each other?

The issues crystallise around the balance between centralisation and decentralisation — both democracy and economic policy reform require a careful balance between a strong centre and decentralised power. The debate surrounding Nedlac is essentially a debate about the decentralisation of power to civil society. Is it democratic? And can we afford it?

The first challenge to decentralisation came when the finance minister announced the "non-negotiability" of macroeconomic policy. At the time it was held that a perceived lack of credibility in our policies was undermining our economic prospects, particularly foreign capital inflows. The firmly

spending. But even in this relatively straightforward realm of policy, there are co-ordination problems.

For one thing some key macroeconomic variables — wages, investment and prices — are influenced, but not determined, by government. Moreover, the best laid plans of our macroeconomic managers can be sand-bagged by recalcitrant public sector workers or angry welfare recipients.

So macroeconomic policy will enter the public arena. And holding the line will depend not only on determination, but also on popular support. Gear itself effectively acknowledged this by including provisions for an incomes policy in its framework. The recent alliance meeting appears to have recog-

if we leave aside normative notions of democracy, the sheer quantum and quality of information that government requires to govern effectively in these fields necessitates detailed interactions with society.

To imagine that this can be achieved solely through Parliament is ludicrous. Such a view harks back to the romance of the Greek city states, or idealised tribal villages. Modern industrial societies cannot work like this and that is why they all have mechanisms, nationally distinctive, to mediate interactions between the state and society.

Our principal mechanism is Nedlac and undermining it is extremely short-sighted. This is not to place Nedlac

society. Government representatives are correct to attribute shortcomings in the Nedlac process to adversarialism. However, rather than shooting the messenger, government needs to structure its participation in Nedlac so as to transform the body from an adversarial bargaining chamber into a pillar of social partnership.

For starters, government needs to appreciate that always engaging Nedlac via tightly formulated mandates inevitably generates conflict. But going to its partners at an early stage of the policy formulation process, encouraging discussion, eliciting contributions before the stakes have risen, will promote partnership and make the inevitable negotiation infinitely easier.

The trade and industry minister has pioneered this approach in a series of regular policy exchanges in Nedlac, considerably lowering the temperature in this potentially fraught area. A number of other low-profile Nedlac programmes — the government funded Workplace Challenge for example — also seek to build trust rather than simply negotiate agreements.

The problem is that all Nedlac's constituent elements need to grasp more firmly the nettle of social partnership. Carping criticism of the institution does not promote this.

□ *David Lewis is senior research officer at the development policy research unit at the University of Cape Town.*



Nedlac fights labour critics

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MTG 12-18/9/97

Sechaba ka'Nkosi

The war of words on the future of the National Economic Development and Labour Council (Nedlac) took another turn this week when it entered the fray, angrily dismissing calls for its review as naive, misdirected and one-sided. Nedlac officials argued that the debate should not be about whether it can or cannot deliver consensus between government, organised business and labour on socio-economic policies, government also needs to rethink its approach to the process.

Nedlac rejects using the impasse on the Basic Conditions of Employment Bill and the equally controversial Skills Development Bill as a yardstick of its abilities. Executive director Jayendra Naidoo says three other chambers in Nedlac have managed to deliver far-reaching solutions on important policies. Restructuring, he contends, could underrmine the work that has been achieved in those chambers. The disagreements on the two proposed laws represent lack of common vision in the labour market chamber.

"When people talk about a review it creates uncertainties about the legitimacy of a process because it is not clear exactly what the review should be all about. The point is social partners have always found it



Siphso Pityana:
You can't spend two years negotiating one piece of legislation when you've more that demand similar attention.'
PHOTOGRAPH:
COURTESY TML

easy to point accusing fingers whenever they fail to find solutions. But Nedlac is clearly the best institution for them to practise tolerance towards each other's positions which can result in a much quicker resolution of conflicts," says Naidoo.

However, Siphso Pityana, director general in the Department of Labour, this week reiterated his call for the restructuring of Nedlac, arguing that in some instances the institution was discussing issues that could well be handled in other forums of a trilateral nature. Pityana insists that while he still

recognises the importance of Nedlac, recent developments suggest the institution might not be structured properly. He says it is overcrowded, and therefore spends more time arguing on differences than solutions. "The bottom line is that you cannot have everything negotiated in Nedlac simply because its has socio-economic implications. Education, for example, does have those implications but the people best suited to deliberate on its policies are academics, teachers, students and the relevant ministry."

Pityana's concerns are mainly

based on the failure of the social partners to reach consensus on the Employment Bill and potential tensions that are likely to develop once the skills development strategy is tabled in Nedlac. He fears this could sabotage his department's five-year programme to restructure the labour market.

Two particular incidents stand out when Pityana outlines his frustration. Last month a slight technical amendment on the Compensation for Occupational Injuries and Diseases Act had to be reversed at the portfolio committee because a parliamentary representative of the Congress of South African Trade Unions (Cosatu) submitted a position contradicting what had already been generally agreed upon in Nedlac. Cosatu has consistently rejected possible areas of agreement on the employment Bill, even when the government had shown its willingness to meet labour's demands.

Cosatu defends its position and accuses a lobby in government of trying to reduce Nedlac's powers, saying this lobby is backed by those who want to undermine the role of the alliance in policy formulation.

Says Cosatu "Our view is that Nedlac should not be counterposed to parliamentary democracy, but should be seen in the context of the need to enrich and deepen democracy. It is therefore an institution which we should defend. At the same time, we must not lock ourselves into Nedlac, but [should] adopt flexible strategies depending on the issue."

In a letter to Naidoo this week, Pityana points to this as the need to review Nedlac. His analogy is sym-

ple when parties opt for mass action rather than negotiations there is a problem with the process. And the more parties adopt such measures the more difficult it is for government to implement its strategy.

Among his proposals for a "re-structured" Nedlac is the provision of a conflict resolution mechanism and protocols that would clearly spell out a process in case social partners fail to reach consensus at Nedlac.

"You can't spend two years negotiating one piece of legislation when you have more that demand similar attention. If we were to continue on this footing, skills development and employment equity will only come into existence in the next century, when we should be focusing on how we position the country for that period," says Pityana.

But Naidoo again differs. He says the government needs to simplify and involve social partners in the process of legislation from beginning to end. He says what creates more problems is that government spends close to two years researching and formulating policies that it thinks will be automatically accepted in Nedlac. This deprives other social partners of a chance to study the proposals and respond accordingly. Unless this is done, adversarialism between Nedlac partners will continue.

"The art of governing is the art of building consensus among the governed. You need to involve other partners from the minute the idea is conceived to the day it is implemented. That way everybody feels part of the product, they own it," argues Naidoo.

SUNDAY ANALYSIS

The art of consultation and delivery

MY COMMENTS on the National Economic, Development and Labour Council (Nedlac) recently have provoked an interesting debate on the position of an institution that plays such an important role in our society

The views ranged from a call for Nedlac to be scrapped to a spirited defence of its role. However, some important questions remain unanswered.

The history of Nedlac can be traced back to the conflictual apartheid past. An illegitimate apartheid government formed the National Manpower Commission (NMC) and later the National Economic Forum (NEF) to afford business and labour an opportunity to participate, albeit in a limited way, in policy development.

This approach, as Carol Paton correctly pointed out in her article "When three becomes a crowd" (September 7), was deemed preferable to the confrontational route that saw labour embark on the anti-Labour Relations Act campaigns of 1988 and the anti-VAT protests of the early 90s.

As a result of developments since 1994, a markedly different situation has arisen. We have a democratic constitution and a government committed to inclusive and participatory approaches. The establishment of Nedlac epitomises this commitment.

Various ministries have also established either statutory or informal consultative structures to influence policies.

Nedlac has had an impeccable record in its short history in promoting social partnership. However, it would be a fallacy to create the impression that it is without shortcomings. The call for a review is not a response to a failed institution. As a dynamic society undergo-

The troubled relationship between Parliament and Nedlac needs to be reassessed, writes SIPHO PITYANA



ing transformation, we must constantly assess and evaluate the impact of our policies. Nedlac is no exception.

Three important questions need to be addressed. Firstly, do the noble values of consultative approaches to policy making have to be manifest in as centralised a manner as Nedlac is? Secondly, do such methods of policy development avert adversarial approaches? Thirdly, what should the relationship be with Parliament?

Clearly, the issue is not whether government should consult when developing policies, but what form that consultation should take.

It would seem sensible that more consultative structures (statutory bodies) closer to various ministries be established. This would enable consultation beyond the few — but powerful — stakeholders at Nedlac.

Where this already occurs, stakeholders with direct interest in the issues participate. The Nedlac Act requires that all legislation with social and economic significance be discussed at Nedlac. All labour legislation has to be tabled there, even when it has been considered by tripartite statutory bodies that have been appointed with the consent of Nedlac partners. As the law stands, Nedlac could demand to examine every Bill proposed

by the various ministries.

The experience in dealing with labour legislation has been less than encouraging. Technical amendments to the Compensation for Occupational Injuries and Diseases Amendment Bill took the institution over a year to process, after which one of the partners tabled an extensive submission of new issues to Parliament's labour portfolio committee.

The Basic Conditions of Employment policy has been with Nedlac for more than a year. By all accounts this is an inefficient way to develop policy and hampers delivery.

An assumption that the establishment of an institution like Nedlac to resolve policy differences would necessarily mean less adversarialism is not borne out by experience. Nedlac notwithstanding, labour took to the streets in 1995 to advance their demands during negotiations on the Labour Relations Act. In the debate on the Basic Conditions of Employment Bill, not only did labour do the same, Business South Africa took labour to court.

When these sort of approaches are resorted to, those party to Nedlac are expressing a lack of confidence in that institution's ability to resolve differences.

While I accept that these are democratic forms of pressure to secure sectional goals,

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Nedlac is not equipped to deal with these situations.

It has no deadlock-breaking procedures of the type found in other bargaining institutions.

Considering the cost to the economy and the impact on the negotiating climate in Nedlac, a review of the institution seems an obvious thing to do.

One of the most important institutions in the policy making process is Parliament. Unlike its predecessor, the new Parliament is a democratic institution elected by universal suffrage. The relationship between this important institution and Nedlac is unclear.

Remarks by some MPs that they won't be rubber stamps reveals the underlying unease in this relationship. Clearly, Parliament cannot be subordinate to institutions like Nedlac. However, in light of the delicacy of the agreements and compromises reached at Nedlac, public representatives have to balance their role in relation to this institution.

Calls for Nedlac's closure are premature. In the same vein, labelling those who make such calls as intolerant. None of our democratic institutions (including Nedlac) is beyond reproach.

The challenge we, as Nedlac, face, is to channel these views to inform processes strengthening our effectiveness. Clear protocols need to be developed to strike a balance between inclusive policy development processes and the government's delivery commitments. These should also address the apparent tension between policy consultation and bargaining-type approaches to this, which often result in conflict. Finally, the relationship with Parliament has to be defined.

● Siphon M Pityana is director general of labour

Creative thinking can improve Nedlac's effectiveness

(132)

A review of Nedlac could suggest that it achieve more with its research capabilities, says labour department director-general Siphso M Pitjana

2017/9/97

TO PLACE the National Economic Development and Labour Council (Nedlac) and any other democratic institution above criticism or public scrutiny is to betray the noble foundations of our young democracy. Debate on the role and performance of such institutions must be encouraged as an important part of strengthening our democracy.

Discussion on Nedlac represents a serious review of that role and direction. This must be encouraged.

David Lewis's enthusiastic "defence" of Nedlac (Business Day, September 12) was often misdirected and, more seriously, ill-informed. His summary of government's position was inaccurate and consequently his critique of it misplaced.

There can be no doubt that while Nedlac, like many similar institutions, can boast successes in a number of areas, there have been shortcomings that warrant improvement. Consequently, calls for its closure are premature. However, highlighting those shortcomings cannot be described as shooting it down in flames.

It is important to recognise that the events since 1994, when the new democracy was ushered in, marked an important historical discontinuity. The relationship between state and civil society changed. A government elected by universal suffrage pursued a set mandate and a representative Parliament came into being. Indeed, organs of civil society had an unprecedented access to the

state, Parliament and other related institutions.

Not only was Nedlac established in 1995 as part of the new government's commitment to a consultative and participatory policy-making process, but a plethora of statutory and nonstatutory bodies were formed in pursuit of the same goals. These institutions have played an invaluable role.

To reduce social partnership to Nedlac, as Lewis does, is not only naive, but also to deny the advances made in this regard. Although the Nedlac Act places upon that institution a responsibility to consider all legislation with socioeconomic significance, the institution does not and never will have the capacity to fully play such a role.

The review of Nedlac has to take into account this reality and define a complementary relationship with these institutions. In some cases, in the absence of such a relationship, policies considered by these bodies have had to go to Nedlac for further consideration.

Consequently a lot of time is lost and delivery of government programmes is hampered.

The central mission of Nedlac is to facilitate policy consultation with a view to securing agreement and consensus among the parties. The

greatest shortcomings of Nedlac are in this area. There are a number of reasons why this is so.

One of the key reasons is the fact that Nedlac often functions like a bargaining council. Indeed, some of the parties deal with policy matters as if engaged in collective bargaining. However, Nedlac as a policy consultative body is neither geared to this, nor should it be.

Differences on policy matters are described as deadlocks. The parties then use their economic muscle to press home their demands. The democratic government, which has to be concerned about broader society than those represented in Nedlac, often takes the view that its policy position would not be influenced by these approaches. Unlike other collective bargaining structures, no mechanism or procedures are available in Nedlac to deal with these situations.

The other reason is the fact that there are no established systems and procedures for processing policy proposals. The parties engage in open-ended discussion as if involved in an academic exercise that has no bearing on the programme of government.

This approach is inefficient and extravagant. Labour minister Tito Mboweni

has constantly raised questions about the assumption that it is only government's policies that have social and economic significance. Nedlac has to have an effect on the policy of all the social partners.

The review of Nedlac will have to consider the role its research office can play to facilitate this kind of broad policy debate. Through this institution it should be possible to commission or undertake impact studies and analysis of policies that have been considered by Nedlac and adopted by government. These would enable the parties to assess the effect on the economy and on social development.

Similar research on the effect on the economy of the policies of the various social partners would be necessary. A clear example would be an examination of the effect of bargaining agreements on productivity, poverty alleviation, employment, etc. Another may be an assessment of the investment trends of the various business enterprises and their socioeconomic implications.

Were Nedlac to undertake some of these impact studies, not only would policy deliberation be assisted by scientific findings that would be presented to the social partners, but it would pioneer areas of policy consideration by its constituent

members. More importantly, these studies would draw the attention of the parties to the consequences of their decisions.

SA Chamber of Business CEO Raymond Parsons argues that the difficulties of Nedlac emanate from an absence of a common vision. Although this is not entirely accurate, there is neither a stated vision nor a mission for Nedlac. However, the parties would tend to agree to a range of policy intentions: economic growth, productivity, employment, democracy, etc. But they are more likely to squabble over the appropriate policy programmes and strategies to realise these.

In establishing Nedlac we recognised the inevitability of these differences. Its role is to facilitate their resolution, or at least enable the social partners to understand their differences. The often-cited successes of Nedlac are more in advocacy and campaign-orientated work. We have to review whether it is even appropriate for Nedlac to play such a role.

The credibility of Nedlac rests not so much on insulating it from criticism, but in its successful channeling of policy differences.

Social partners have to recognise the limitations of such institutions and resist the temptation to make them what they are not intended to be. Indeed, with a little bit of creative thinking, a review of Nedlac would improve its focus and enhance its effectiveness.

SUNDAY ANALYSIS

Don't fracture the negotiating forum

ST 21/9/97 (132)

DEBATE on the need and nature of social dialogue has been a frequent focus since the 80s. These debates have helped to shape the structure and processes of the National Economic, Development and Labour Council (Nedlac) and will no doubt continue to do so

It is obvious that Nedlac must change and adapt, particularly as practical experience grows and as the challenges facing South Africa change. Evaluation and adjustment of Nedlac's structures and procedures have been taking place since Nedlac's establishment

Against the backdrop of disagreements and protests about labour legislation and macro-economic policy, it is not surprising that Nedlac comes under the spotlight. Public debate is both necessary and inevitable, and is an opportunity to clarify and explore issues.

While acknowledging the many useful suggestions thrown up by public debate on how to improve the Nedlac process, I argue that the fundamental issue is how to address the context in which Nedlac operates. In this article I make four points.

Firstly, effective social dialogue under South African conditions requires a central mechanism. Nedlac builds on the forum experience of the early 90s

While in the short-term various consultative forums were established around this time to prevent unilateral economic restructuring, they were seen as the basis for a participatory model of democratic governance in the long run. They provided a transparent and democratic alternative to policy making, compared to the previous model of "rent-seeking" lobbying.

Maybe the government should include Nedlac earlier in the policy-making process, writes JAYENDRA NAIDOO

However, the rapid proliferation of forums between 1992 and early 1994 exposed the capacity constraints of all stakeholders and undermined democratic mandating processes. To develop considered inputs and mandates according to the separate time frames of each forum was impossible. It threatened to absorb leaders into institutions in a narrow and elitist manner, which excluded the grass roots

Consequently, the need emerged to amalgamate these forums into a more manageable "one-stop shop" for policy dialogue. Despite such centralisation, a large number of other stakeholder bodies still exist outside Nedlac. The tendency for stakeholder institutions to proliferate and fragment remains high

Nedlac maintains coherence and management of the broader system of social dialogue, whereas a more decentralised system may simply reproduce problems which Nedlac's establishment tried to address

Secondly, there is a need for a common policy framework. When Nedlac was established, the Reconstruction and Development Programme served as a broad framework. Today, the overall direction of policy is more contested, as we have seen around Gear

In the absence of some common understanding about

the path of social transformation, detailed agreement making suffers. The same debates are reproduced on each issue, and there is little trust

A broad framework will inform detailed proposals about social security, labour-market reform, industrial restructuring, tax policy, etc.

The process leading up to a jobs summit can be a vehicle for achieving such a broad understanding. The product of a jobs summit should not simply be a list of government programmes — areas for contribution by business, labour and the community should also be identified.

Thirdly, Nedlac fits into a broader policy process. Many of the problems raised by commentators are offshoots of the general policy-making process. The Nedlac stage of the process is a small part of a much longer process managed by government, which leads to the submission of a Bill to Parliament

Generally, it is only after the government has commissioned research, drafted a green paper, solicited public comments, and then drafted a Bill or white paper, that an issue is formally tabled in Nedlac

By then, the government is usually strongly committed to the proposals. But the other Nedlac partners are "fresh" and usually want to be part of defining the issues and considering



other options.

This is clearly a recipe for creating problems and contributes to adversarialism. Government representatives want speed at this stage, while the other parties need more time to begin considering the issue.

A logical approach is to reconsider how the various stakeholders can be involved in the process during the preparatory stages. This may also have a positive effect on reducing positional bargaining on policy issues.

Fourthly, in a democracy, public protest is not a sign of failure. Nedlac does not put a moratorium on mass action, nor does it give any party a veto, nor does it prevent the government or any other stakeholder from exercising its other options to ensure a favourable outcome.

An alternative model based on strict labour peace obligations has existed in other countries from time to time, but history shows this is not sustainable

In South Africa, with the great inequalities that exist, we must surely expect that transformation will be accompanied by campaigns and protests. An open approach allows points of difference to be highlighted, enabling them to be addressed. Strengthening the negotiating process and creating dispute-resolution mechanisms should help minimise such actions.

However, the conflicts that emerge are not created by the Nedlac process. In the final analysis, building successful co-operative governance requires Nedlac's constituencies to engage in a way that promotes trust and confidence, thus creating a climate for reciprocal agreement making

● Naidoo is executive director of Nedlac

Nedlac at risk⁽¹³²⁾ if bill is tabled

Star 23/9/97

By ADAM COOKE

South Africa's alliance between labour, business and the Government is under threat as the three parties refocus attention on the National Economic Development and Labour Council's ability to resolve differences.

The parties have thrown Nedlac's future into doubt after their unprecedented disagreements over the Basic Conditions of Employment Bill.

For the first time since Nedlac was established in February 1995, a minister will table a bill in Parliament without having reached consensus over its contents in Nedlac's chambers.

According to business, labour and Nedlac sources, the move by Labour Minister Tito Mboweni effectively bypasses the conflicts that emerged from Nedlac's consultative process.

Commentators say Mboweni, while not obliged to find consensus before tabling a bill in Parliament, could be setting a precedent that would effectively diminish social partnership.

Business South Africa negotiator Adrian du Plessis said "Nedlac is an ideal worth protecting" Cosatu condemned rumours that Nedlac's power should be reduced, saying its role was to deepen democracy.

► Bill sets stage

Page 10

Nedlac in for stormy weather

By Amrit Manga
Assistant Editor

Disagreement on Basic Conditions of Employment Bill damaged relations

A GREAT deal of scepticism greeted the inauguration of the National Economic Development and Labour Council (Nedlac) in February 1995.

Doubts about building a social partnership were expressed in many different ways. But a common concern featured throughout - will the tripartite marriage between Government, business and labour last?

In the face of scepticism, organised labour, in particular, seemed confident Nedlac would survive. Congress of South African Trade Unions (Cosatu) president Mr John Gomomo, however, cautioned that the marriage would not be an easy one.

"You cannot bring together Jabu Xulu, earning R200 a week after working for 15 years, with a family of five to feed, and John Smith, the chief executive of a major conglomerate earning R20 000 a week, and expect that there will be a calm and easy process," he said.

Gomomo's illustration captured the very essence of the challenge Nedlac faced.

It highlighted a reality many optimists chose to underplay - namely the class divisions that characterised the social partnership between Government, labour and business that Nedlac hoped to build.

No one could therefore have expected that the relationships in Nedlac would be without heat. After all, this is one of major forums in which contending class forces would contest the redistribution of wealth. It is a contest that would at the best of times be robust and even conflictual.

Despite these difficult challenges, Nedlac's social partners were able to strike important deals. Among them were the Labour Relations Act, health and safety legislation for the mining industry, ratification of a series of International Labour Organisation (ILO) conventions and a conclusion of the social clause debate.

But these achievements have been overshadowed by the recent adversarialism generated during the Basic Conditions of Employment Bill (BCEB) battle, which has left Nedlac deeply scarred.

Caustic exchange

This week, at a crucial Nedlac management committee meeting, the adversarialism boiled over and manifested in the "most caustic exchanges yet seen in Nedlac's brief existence".

And according to one source, all evidence suggests that trust between the social partners has reached the proverbial "all-time low".

"The Basic Conditions of Employment Bill negotiations have left an indelible mark on Nedlac - it has taken a heavy toll," another said.

"At Monday's meeting, it was difficult dealing with what are generally simple matters.

"Take the discussion around the Management of the Skills Development Bill negotiations process. We were stuck on very petty issues. And it had a lot to do with the lack of trust," the sources said.

For example, differences over whether the technical committee for the skills development bill negotiations should be made up of one or two representatives from each con-



Sowe Tan
26/9/97
(132)

Cosatu secretary-general Sam Shilowa... less than enthusiastic about calls for a review of the Nedlac Act.

stituency seemed insurmountable.

"Because of tensions, these differences got elevated to matters of principle," a delegate at the meeting said.

This lack of trust was also evident in the reaction to a proposal that Nedlac retain an external facilitator to help expedite the negotiations.

This, however, prompted strong reaction. The proposal was apparently criticised as amounting to a vote of no confidence in the Nedlac secretariat and was shot down as part of Government's agenda to review Nedlac as an institution.

Vote of no confidence

"It may seem to be a vote of no confidence - but that interpretation derives from a measure of distrust. It misses an important point and fails to appreciate the impact the proposal would have on enhancing the institution's ability to get the parties to find each other on policy differences," a source said.

Government's call for a review of the Nedlac Act has not met with Cosatu's enthusiastic approval.

In the federation's secretariat report to its recent sixth national congress, Cosatu secretary-general Mr Sam Shilowa says of those advocating a review of the Nedlac Act: "A lobby has been pushing for Nedlac's powers to be reduced on the basis that 'it undermines the sovereignty of Parliament'."

"In most instances, this is backed by those who undermine the role of the alliance in policy formulation."

The tone of this response is highly charged and suggests the existence of covert agendas.

From the federation's point of view, attempts to reduce Nedlac's powers are driven by a desire to "confine the masses to being mere spectators in the theatre of transformation and policy formulation."

This goes against its policy of wanting to deepen and enrich parliamentary democracy.

That may well be true. But Nedlac has not helped Government's delivery programmes. Part of this is a consequence of the obligation on Government to submit all laws with a socio-economic dimension to Nedlac before they are implemented.

This often hampers Parliament's work and delays implementation of essential programmes. And that does not help democracy.

The divide is huge and the search for consensus will not be easy.

Given this level of mistrust and adversarialism, the prognosis for progress on the job summit, a subject that touches some of the most sensitive points of divergence between labour, business and Government, looks bleak.

No doubt, questions related to job creation reach the very core of macro-economic, labour market and trade liberalisation policies.

And tensions these issues could generate will far exceed those evident during the BCEB.

Divided opinion on Government macro-economic strategy is just one measure of the potential conflict talks about job creation could generate.

Labour Department director general Mr Siphon Pityana, who is also overall convener of Nedlac, concedes relations have taken a hard knock. "Unless something is done, the atmosphere will remain highly charged and it will make progress on a range of other policy matters at Nedlac difficult."

"The battle scars left by the BCEB negotiations are not going to go away that easily. Evidence suggests that adversarialism is not tapering off."

The opening exchanges around the skills development is indicative of the difficult journey we may have to undertake on these policy issues, says Pityana.

"It does pose a threat to the conduct of the parties in the build up to the job summit, and therefore the outcome of the process."

Review situation

"There is therefore a need to address the adversarialism. It is important not to allow the experience of the BCEB to affect future policy deliberations."

Question is - how does one clear the air? Pityana says the parties need "to pause and examine the way we dealt with the BCEB and find where we went wrong."

Cosatu seems committed to shifting away from the militant unionism that characterised the 1980s. In its September Commission report, the preference is clearly for a strategic engagement or social unionism.

Whether this finds expression in Nedlac remains contingent on the extent to which the parties succeed in building trust in the institution.

Nedlac acts as brake on growth-orientated economic policy

The National Economic, Development and Labour Council has done little to effect its most important objective, writes Colin Douglas

132

BD 11/10/97

A STORM appears to have been unleashed by the SA Institute of Race Relations' recent call to government to abolish the National Economic, Development and Labour Council (Nedlac).

The institute welcomes this debate about a body which was in danger of becoming a holy cow, and we are pleased labour director-general Siphos Pityana has reiterated his view that Nedlac should be "constantly assessed and evaluated".

Any such evaluation would reveal that Nedlac, in its two years of existence, has done little to achieve the most important objective set out in its founding act, namely "to promote economic growth".

Instead, the body has acted as a brake on growth-orientated economic policy, above all because it lends institutional pow-

er to organised labour, which represents a fraction of SA's economically active population and whose views flatly contradict the interests of the unemployed people and entrepreneurs whom policy should empower.

A prime example of the inertia which Nedlac's existence exerts on economic reform Labour Minister Tito Mboweni's long-delayed amendments to the Labour Relations Act to ease the regulatory burden on small and start-up businesses — an urgent step needed to promote employment growth.

Mboweni has been ready to proceed with these amendments for some months, but because they would be controversial he avoided introducing them for fear of upsetting negotiations on the Basic Conditions

of Employment Bill, which was stuck in Nedlac for more than a year. As a result, the Labour Relations Act amendments stand very little chance of reaching Parliament before Christmas.

The normal, democratic process of legislating — with its green papers, white papers, parliamentary hearings and committees — suffices for most ministerial portfolios. There is no reason labour and economic legislation should be burdened with a statutory requirement of an extra round of consultation with the set of interests represented in Nedlac.

Scrapping Nedlac will not do away with consultation, as some of its defenders seem to suggest. Trade unions and organised business will have the opportunity to make submissions and lobby government at

every step of the legislative process, just as they do now for legislation outside of the economic sphere. The only difference will be that they will lose their privileged status — and their statutory power to delay legislation — and will be treated equally to all other citizens.

The removal of Nedlac and its delaying capacity should boost economic reform. If SA is to achieve the employment growth targets set in the growth, employment and redistribution macroeconomic strategy (Gear), then government is going to need to move quickly to bring about much greater labour market flexibility.

Some argue that Nedlac serves to create greater consensus between its three main parties (government, business and labour), helping to minimise

conflict over economic change. This is a fiction. Hours of talk change neither the ideological outlook of the Congress of SA Trade Unions (Cosatu) nor the fact that the short-term interests of its members are opposed to those of most South Africans.

The hard truth is that government is going to have to take on Cosatu to implement Gear. This will mean that government will have to ride out opposition from within its own constituency and be prepared — unlike in the past — to take tough action against any illegal strikes which Cosatu may institute.

The notion of a "social partnership" between government, labour and business, which is cited by some to justify Nedlac's existence, is rapidly becoming discredited in Germany, its country of origin, where it has resulted in a rigid labour market, excessive regulation and high rates of unemployment.

The social partnership idea

is inherently undemocratic and illiberal, because it treats citizens not as individuals entitled to respect from the state in their own right, but rather as constituent parts of one or other social partner — unless they are unemployed or in the informal sector, in which case they are not included in the partnership.

In fact, employers and employees are individuals whose interests do not necessarily coincide with those of other employers and employees. Where they do have common interests they can and do form voluntary associations which can intervene in public policy and create links with other associations. But to legislate "social partners" into existence is both artificial and incompatible with a free society.

Otto Count Lambsdorf, a former German economics minister, told a recent institute briefing that, had the conditions of today's German social partner-

ship existed in 1949, the postwar economic miracle in that country "would have been stifled at birth" Lambsdorf said. Germany's experience should serve as a warning to SA.

"The cartelisation of our system, aggravated by the omnipresent welfare state, has hardly benefited the labour market or Germany's economic strength. It has created a lack of market proximity, a lack of flexibility and a lack of individual freedom. It has ensured that human capital is left unused on a huge scale in the German economy."

"Economic freedom and competition — and not the 'social partnership' we have today — were the basis for Germany's economic success. This basis should never be jeopard-



PITYANA

dised — anywhere."

□ Douglas is marketing and communications manager at the SA Institute of Race Relations

Nedlac notes government's stance on employment bill

CT(BR 9/10/97

(132)

FRANK NXUMALO

Johannesburg — The management committee of the National Economic Development and Labour Council (Nedlac) noted yesterday government's position to table the revised version of the Basic Conditions of Employment Bill within the remaining five weeks of the parliamentary sitting, said Spho Pityana, the government overall convener at Nedlac and department of labour director-general.

Yesterday's meeting marked the end of a long and adversarial negotiation process going back to February last year with the launch of a Green Paper on basic

conditions of work.

"Government indicated we will be taking the matter to parliament and the (final) Nedlac report will be tabled (together) with the bill," Pityana said. "The Nedlac report will identify for parliament areas around which parties agreed, highlight areas (where) we have disagreement and . spell out the process that was followed on deliberations."

Labour and business have indicated they would lobby their respective positions with the parliamentary portfolio committee on labour. Pityana said the parties "would be less restricted" this time during the parliamentary process.

BD 14/10/97

Nedlac offers rural people a voice

(132)

REMOTE rural communities would soon speak with one voice, allowing them to participate in the policy decision-making process, the National Economic, Development and Labour Council (Nedlac) said yesterday.

This followed the formation of a national rural body within the community constituency of Nedlac's development chamber, it said.

The initiative aimed to address a number of issues, including those identified in the land affairs department's rural development framework:

- SA still lacked a comprehensive approach to rural development;
- Rural development did not have a central home within government;
- There was a need to assess issues

and concepts within the rural development framework such as access to finance and policies for developing rural children; and

- In order for rural sector organisations to engage with government, they needed to be organised as an entity

Nedlac executive director Jayendra Naidoo said the views of rural people were often not taken into account when decisions which affected them were made

"The Nedlac secretariat is committed to further building the capacity of all constituencies, including the community, and this initiative forms part of the process. We look forward to the increased participation from the rural sector." — Sapa.

NEWS

'Hubs' or marketing agents to replace overseas tourist offices

Satour may shrink by 25% if staff agree

ET(BR) 23/10/97

AUDREY D'ANGELO

Cape Town — Satour, the tourism agency, would be downsized by 25 percent and its overseas operations rationalised, with some offices replaced by marketing agents, if a restructuring plan was approved by staff, Michael Farr, the executive director, said yesterday.

He said Satour's official establishment would be reduced from 175 to 138. But not all these posts were filled at present, he said.

Only 105 of the 115 jobs at the head office in Pretoria were filled, and this number would be reduced to 82 under the plan. A retrenchment process and packages, if necessary, would be discussed with staff, Farr said.

But the number of jobs avail-

able overseas would increase from 67 to 68, he said.

Under the proposal, hub offices would cover the most important markets. In other cities, offices would be closed but staff could apply for the job of marketing agent, a position which will be renewable only if the agent achieved the target set for increased tourism to South Africa.

Farr said a new hub office would be set up in Kuala Lumpur to cover an area including India and Japan. Three marketing agents would be appointed for the Far East, Australia and southeast Asia, while the offices in Sydney and Tokyo would be closed.

The European hub would be in Frankfurt, but there would be support offices in Switzer-

land and Amsterdam because of the importance of these markets, Farr said. The offices in Milan and Vienna would be closed but marketing consultants would be retained in Scandinavia, east and central Europe and the Mediterranean. The London office would be a hub for the UK and Ireland.

There would be one hub office for both North and South America, in either New York or Florida. The offices in Toronto and Los Angeles would be closed but three marketing consultants would be retained in Canada, the US and South America.

Farr emphasised that the reorganisation plan depended on the granting of the R300 million budget requested by Satour and the agreement of staff members.

'Industrial relations a top priority'

FRANK NXUMALO

Sun City — It was imperative that the government, labour and business worked together to create an industrial relations model for South Africa, as one of the most serious threats facing the country was its inability to resolve workplace conflicts, Bongani Khumalo, Eskom's executive director for human resources, said yesterday.

"We do not see eye to eye on matters of economic importance for the

country," he told the 41st Annual Convention of the Institute of Personnel Management. "It is critical that we should find a way of handling our disagreements and present a common patriotic front."

Khumalo said such a positive leadership role would result in both local and overseas investors having more confidence in doing business in South Africa.

"Some of our workplace conflicts have been very ugly and have reflected poor levels of maturity. If

we want to compete with the best in the world, we have to take this economic imperative of our labour relations seriously."

He said most of the hard lessons that the parastatal had learnt in trying to build stable industrial relations could be used as a powerful model by the rest of the country. During its transformation Eskom had learnt that the chief executive officer and top management must lead the transformation process and focus on the top line.

Happy strike is off, but concerned over 'deal'

Business in two minds on Cosatu

ET (BR) 23/10/97

(132)

MIRANDA STRYDOM

Johannesburg — Cosatu's decision to call off a two-day strike planned for next week was welcomed by business organisations yesterday, but concern was expressed about a deal struck between the labour federation and the ruling ANC.

The South African Chamber of Business (Sacob) said it was "relieved that Cosatu has decided to call off the strike, because it would have been damaging to the economy, and it would send out the wrong messages to investors.

"But we believe that some deal has been struck with Cosatu and its alliance, which is worrying for business, but we cannot comment on that deal because we do not know what it is," said Janet Dickman, Sacob's labour and social policies manager.

Cosatu said yesterday progress had been made within the tripartite alliance (between Cosatu, the ANC and the SACP), on the Basic Conditions of Employment Bill and based on that progress it would suspend the strike.

Cosatu would not reveal the contents of the agreement reached with the ANC, in negotiations that lasted into late Tuesday, but sources said it could involve a trade-off between Cosatu's demands for a 40-hour

working week and six months' paid maternity leave.

It is believed that the government has agreed to a faster phasing in of the 40-hour working week in return for Cosatu dropping its demand for six months' paid maternity leave.

Dickman said the fact that the labour federation had decided to call off the strike meant that it "got what it wanted or enough of what it wanted".

Meanwhile, the Afrikaanse Handelsinstituut hailed Cosatu's announcement. "In the interest of the country, we are pleased that Cosatu has decided not to go ahead with the strike. At this stage that is all we can say," said Manuel Da Silva, AHI's marketing and communications director.

Business South Africa would not comment. It said it had not yet looked at the matter.

Cosatu had been planning the two-day strike for Monday and Tuesday to support the federation's demands for amendments to the bill.

The government, labour and business have been at odds for most of the year over the bill. But Tito Mboweni, the labour minister, has said the legislation would go through parliament before the end of the current session, whether or not the parties agreed.

Business and labour must adapt to change

BD 27/10/97 (132)

NEITHER business nor labour can avoid the effects of globalisation as it exposes the economy to international standards and competition, according to Sacob chief economist Ben van Rensburg

SA's problem is that it is having to adapt faster than most other countries because it was shielded by sanctions from a process in which barriers are coming down and inefficient countries lose out to the more productive

This, Van Rensburg says, has forced SA into a "big bang" opening of its economy to international competition while other countries were able to adjust more slowly.

"We missed the first decade of that gradual approach.

"Now we have to make major adjustments in a relatively short period of time.

"Business can no longer be protected behind high tariff walls. Nor can you protect workers from experiencing the impact of increased competition by inappropriate labour laws."

However, competition does not include unfair competition. SA industries are entitled to protection against dumping, which is when foreign companies, usually because of subsidies and marginal costing of exports, sell goods to SA at less than they are priced in the

home market

While it is labour that is most exposed to the effects of global competition, Van Rensburg says union demands for protection against globalisation are not achievable

"Instead of trying to preserve old-fashioned jobs we must focus on education and training to prepare people to deal with the forces of globalisation and to adapt to a totally new situation

"It is not a one-off change but a continuous process."

The effects of globalisation have been felt across a protected and inwardly focused economy since the process started in 1993

"Even sectors we thought were quite competitive, like the financial and banking sector, have been hard hit by sharp international competitors entering our market and taking part of their business away"

While the motor industry benefited from a feedback of technology from parent companies abroad, the rest of the manufacturing industry is aware of what it has to do to establish a competitive edge

One of the sectors best prepared for globalisation is agriculture and the food processing industry it supplies, says Van Rens-

burg. For almost a decade, agriculture has been increasingly exposed to international competition by the removal of subsidies and support mechanisms like regulated markets

It is not only the circumstances of a particular industry that affect competitiveness. The macroeconomic environment is also important, including labour market restructuring, financial market restructuring and the ability of business to invest across borders and source financing abroad.

"The macro variables that we are changing quite quickly will equally and differentially affect all industries in this country."

Sacob's role is to present business's views in forums like the National Economic Development and Labour Council (Nedlac), and to parliament and its committees, while giving continuous feedback to members

"We have to help our members interpret new policies and understand the new parameters that will affect their ability to continue to do business

"It is a new world order we are looking at," says Van Rensburg

"Globalisation is not something you can change

"It is so big and so strong that you have to adapt to it"

RAYMOND Parsons does not agree with much of the negative criticism of Nedlac, and particularly the view that the negotiating body hinders rather than helps the legislative process and should be shut down

Sacob's director general says that Nedlac has its faults, but that if it did not exist some other consensus-seeking forum would have to be established. He also believes that business

Nedlac still has major role to play, says Parsons

(132) BD 27/10/97
derives significant benefits from the process

Nedlac — the National Economic Development and Labour Council — was set up in 1995 as a forum where government, business, labour and community organisations could seek consensus on labour legislation and changes to social and economic policy

The idea was that

new labour legislation would be thrashed out by business and labour, getting negotiation and compromise out of the way so that parliament could be presented with an agreed measure

In some cases, consensus has been almost impossible to achieve, and business has become increasingly upset as unions take to the streets to make points

business negotiators say should be raised in Nedlac chambers

Business leaders have also said that they are being caught up in what is essentially a fight between labour and government over government's macro-economic policy — growth employment and redistribution (Gear)

Parsons, who represents Business SA — a

grouping of 19 business organisations — as Nedlac's business convenor, says Nedlac has proved an essential in helping the country through its economic and social transformation

"Whatever other mechanisms exist for consultation, you need at least one body that institutionalises consultation and consensus-seeking," he says

INDUSTRIAL RELATIONS

Are we finally getting it right?

(132)

FM 31/10/97

The latest figures for lost work days point to a more peaceful shop floor. Even Cosatu says the days of wildcat strikes are over

On the face of it, it's good news that the 12 months to September saw the lowest strike activity since 1990. Consultants Andrew Levy & Associates measured 510 000 work days lost, compared with a high of 3,1m in 1992.

But labour analyst Gavin Brown says that's hardly surprising. "One has to see the level of industrial action in the context of the labour market as a whole," he says. "We have a bad unemployment situation, and it's getting worse every quarter."

Brown says fewer strikes are "a natural consequence of job-shedding in the economy over the past four or five years, and a massive feeling of job insecurity among many union members."

But he concedes that growing "maturity in the collective bargaining process" is also playing a part.

And there are other factors contributing to the drop in work days lost. SA Labour Bulletin board member Karl von Holdt suggests that, now that the new democracy has "consolidated," some of the political charge has been taken out of workplace relations.

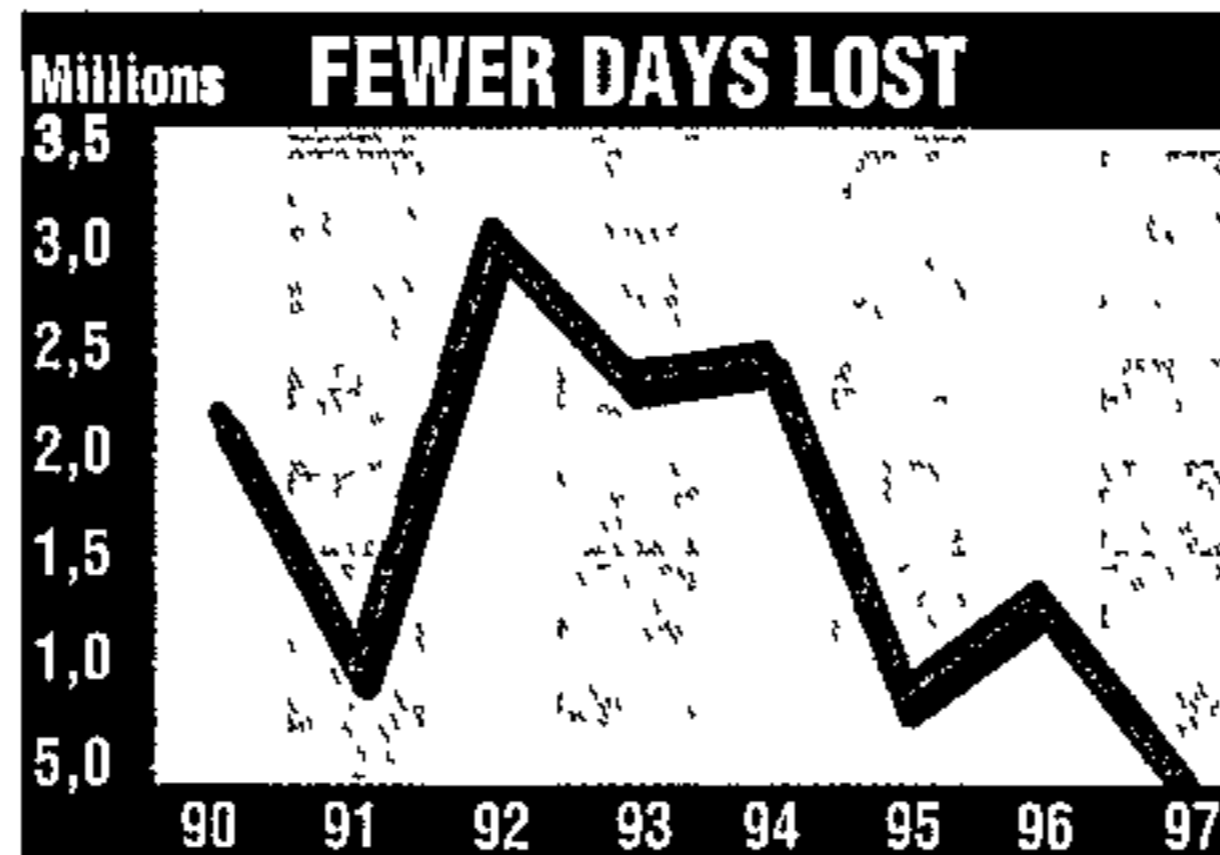
And, he says, "unions are tending to be more strategic in their approach. In the future one can expect a smaller number of bigger strikes, or a smaller number of longer strikes. It implies an acceptance that one can't strike all the time."

The figures may look good, but Webber Wentzel Bowens senior partner (labour law division) Rod Harper says he hasn't seen any meaningful improvement.

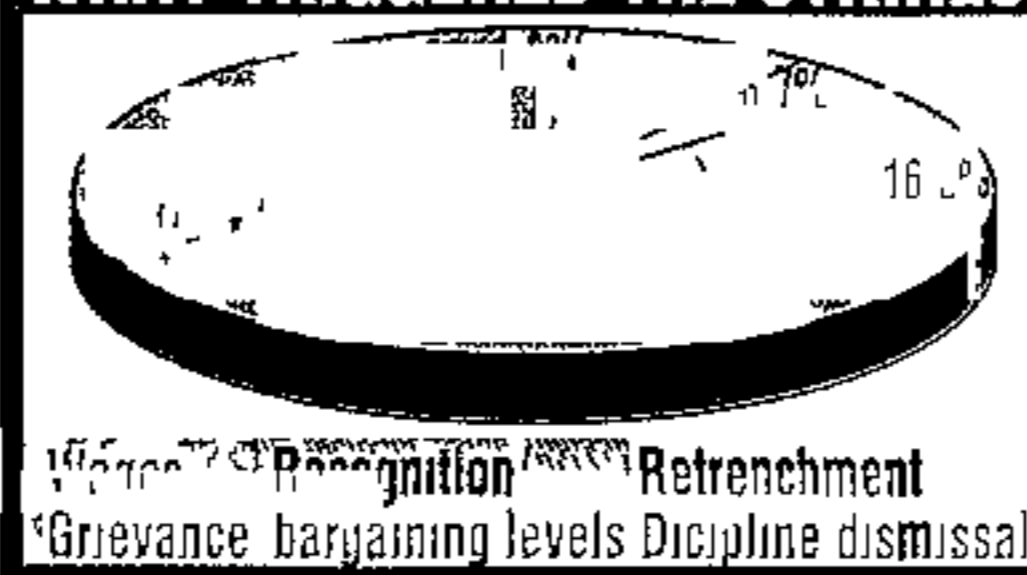
"Our experience is that the workplace continues to be extremely adversarial. And we're seeing a disturbing increase in more serious violence."

Von Holdt blames the adversarial element on the way the effects of apartheid are persisting.

He argues that ultimately the only way to achieve more workplace harmony and co-operation is to address the fundamentals. And that means narrowing the gap between



WHAT TRIGGERED THE STRIKES



SOURCE: ANDREW LEVY & ASSOCIATES (PTY) LTD

black and white workers — the kind of skills they have, the kind of jobs they have and the levels of income they earn.

"There have been some changes, but by and large those divisions remain intact. This contributes to a great sense of injustice in the workplace, and a perception among workers that any changes they see are slow, grudging or superficial," he says.

Cosatu national spokesman Nowetu Mpati says the 1995 Labour Relations Act (LRA) is playing a major role in ensuring that disputes can be resolved before strike action is taken.

"Since November 1996, wildcat strikes have been regulated and thus limited. Workers must reach a deadlock in their negotiations with management before they can strike. This forces all parties to at least try to resolve the dispute first."



Nowetu Mpati management mellows from history of rigidity

Mpati says the sharp fall-off in workdays lost "also proves that the collective and centralised bargaining structures are playing a major role in helping to resolve problems between workers and management. It also proves that Cosatu is not married to strikes, but prefers the resolution of disputes."

Strikes, she says, are a last resort in terms of reaching an agreement. Cosatu also supports the new trend of workers discussing productivity mechanisms in the workplace. "Previously, there was no chance of ever finding workers agreeing about productivity issues."

Management has mellowed from "the history of rigidity, where workers were only expected to work, and not to strike." New legislation, says Mpati, created the structures to allow management to play its role in helping to resolve workplace issues. "Workplace forums and worker-management committees now allow both sides to sit down and look at the future of the company as it affects all parties, with

mechanisms coming into play to resolve salary disputes, for example."

Today, four steps need to be completed before workers can engage in a strike: only registered and recognised unions may strike, a dispute must first be declared, a letter must be sent to the National Economic Development & Labour Council (Nedlac) to report the dispute, and Nedlac must try to help resolve the issue.

"We hope to see fewer and fewer strikes in future — and productivity improvement is a widely accepted target, provided that jobs are not lost in the process. The preferred option is to increase

skills through training," says Mpati.

On the other hand, Columbus Stainless Human Resource GM Willem Prinsloo says "so far this year we've seen more turbulence in the industry than we expected. And there has been an upsurge in short, sharp rallies as a tactic by frustrated strikers where employers set a final wage offer and refused to budge."

That refers to unprocedural behaviour.

P.T.O.

such as destruction of property — reportedly the pattern during the recent Beacon and SA Breweries strikes

But Labour Department chief director of labour relations Jeremy Baskin doesn't think the violence is a growing trend "If anything, there's less violence than there used to be"

Baskin sees violence as a sign of union weakness "The stronger the union, the less likely one is to have unprocedural components and violence in industrial action"

Prinsloo believes business has had limited success in solving its industrial relations problems "The number of longer-term (two- and three-year) wage agreements achieved is encouraging. But the fact that we've still not seen individual performance-based components worked into the collective agreements is a major indictment of our move towards better productivity"

The Chamber of Mines succeeded earlier this year in securing union agreement for a long-term, performance-linked wage deal. But that related to group productivity rather than individual measures

Brown attributes the deal partly to a more mature bargaining environment, but more importantly, to the recent heavy re-trenchments, mine closures and the threat of reductions "This economic climate is going to make the unions more receptive to anything that's going to save jobs," he says

But the effect of market conditions on the level of union militancy is temporary. Sooner or later growth will pick up, and labour's bargaining position will strengthen

What is really needed is sustainable improvement in communication and negotiation. The Council for Conciliation, Mediation & Arbitration (CCMA) is a step in that direction. Many analysts say the council is helping, though it's by no means single-handedly responsible for the reduced strike figures

Eskom senior legal adviser Caesar Ngebulana says the CCMA is probably the best

mechanism of its kind in the world "Certainly by comparison with the old industrial court process, there's easier access, and more efficient resolution of disputes"

Trust continues to be a major issue in labour-management relations. Premier Foods HR director Conrad Goddard believes his company has made progress with establishing a relationship of trust

He says Premier has had a strike, but it was short-lived. On that occasion, the company was within its rights in terms of the Act "We didn't threaten to serve an interdict on the union because the strike was illegal. The approach we took was to say it had been wrong of them to call the strike without trying to clear up the issue first. That opened up communication"

Analysts differ on the extent to which the new Labour Relations Act (LRA) is encouraging better relations

Harper says the introduction of protected industrial action in November last year, which allows for longer strikes, is potentially damaging "Wage strikes which used to take place for four or five days are now running for weeks"

Brown's problem with current legislation is that "we seem to be obsessed with job protection and not job creation"

In a similar vein, Ngebulana is uncomfortable with the level of inflexibility introduced by certain aspects of the LRA

"Workers now have so much job security that it's almost impossible to lose a position. But performance issues are commonplace for nonperformers to lose their jobs"

Gear's job growth targets are looking harder to achieve. Greater flexibility, and an emphasis on job creation rather than job protection, may be the way to start delivering

But flexibility is a touchy subject. Many people associate it with the job insecurity and exploitation that characterised the migrant labour system during the apartheid years. It will have to be "a negotiated flexibility," says Von Holdt

Adrienne Roberts and Arnold van Huyssteen



Gavin Brown job insecurity among union members

~~(74) (279A)~~
FREE TRADE AGREEMENT

EU to allay SADC fears

Accord will have positive impact on economies

FM 31/10/97
Southern African nations worried about the impact of the free trade deal being negotiated by the European Union and SA should take a closer look at the accord. Senior EU officials say the treaty could turn out to be a valuable tool in the region's efforts to build more modern and liberal trade and economic structures

Speaking to the FM before heading for Pretoria for another round of discussions on the free trade agreement on November 3 and 4, a senior EU official involved in the negotiations insists that most of the southern African region's unease about the EU-SA treaty is misplaced

"We believe the agreement will be good for the region and have a positive impact on the economies of southern African countries," the official says. The pact will help boost trade between SA and its neighbours and lead to fiscal reform in members of the Southern African Customs Union (Sacu), he adds

Southern African nations will probably need to hear more. The conventional wisdom in the region is that the EU-SA deal will lead to a loss of Sacu Customs revenues, prompt a shift in investments to SA and trigger greater competition on SA markets with European products

But the EU insists that most of these fears are based on an outdated and incomplete view of the EU-SA pact under negotiation. The treaty will have a wide regional impact, officials in Brussels acknowledge. But it will boost economic growth in the region

For starters, EU officials argue that contrary to popular belief in the region, the deal will not lead to a sudden drop in Sacu's common Customs revenues. True, SA Customs duties will be reduced, but lower tariffs will boost trade — both within the region and with countries outside. "When tariffs go down, trade goes up," the EU official stresses. "Also, since tariffs won't be as high, there will be less smuggling and hence a higher collection of duties"

The EU says SA's efforts to bring down duties as part of its commitments in the Geneva-based World Trade Organisation (WTO) have not yet led to a shrinking of the Sacu resource pool. "The cake is not getting any smaller. In the long term, the reduced

M+G 31/10-6/11/97

Sacob chief's new vision

(132)

Sechaba ka'Nkosi

The South African Chamber of Business's (Sacob) new president Humphrey Khoza has come out in full support of the government's labour reform programme. Khoza says the misunderstanding between business and labour on how these sensitive changes can be managed lies within the historical and adversarial relations between the two parties. This is what he wants to end as he takes over from Phillip Krawitz as Sacob chief until next year.

"It's an unfortunate reality that labour in South Africa is black and business is white. Every conflict between the two always assumes a racial connotation. We have to deal with that, and the fact that I come from the same background as most of the workers will help me to bring better understanding between the two."

Khoza says this means that while he leads organised business to become a world-class player in the global market, he also has to address social inequalities.

Khoza sees these as both compatible and easy to realise. He says he will bring a black perspective to Sacob boardrooms but only if he manages to solicit greater co-operation between his counterparts in business, organised labour and government. He will emphasise world-class performance by local business. This, he says, can be realised through investments in human resource development and new technology, which will boost productivity and satisfy consumer needs.

"Government is doing an excellent job in the labour market. We can assist by creating a climate that will eventually attract more investments and therefore more jobs for our people."

Khoza believes relations between business and labour can be normalised. "Business involves workers and that means looking after human capital. A trained and well-paid workforce will support and help you in matching up to competitors." He is human resources and corporate affairs director at Nestlé (SA).

Institutionalisation and conflict likely themes for 1998

Labour relations on 'normal' path

(132) CT(BR)11/11/97

FRANK NXUMALO

LABOUR CORRESPONDENT

Johannesburg — Labour relations next year would more than likely continue in the same pattern as this year, with growing institutionalisation at certain levels and conflict in other areas, according to research presented at a recent labour conference.

Ian Macun and Eddie Webster, researchers at Witwatersrand University, told the Industrial Relations Association of South Africa conference that the proposed presidential jobs summit would probably be the key industrial relations event of next year.

Macun and Webster said the new labour relations institutions, particularly the National Economic Development and Labour Council and the Commission for Conciliation, Mediation and Arbitration, had won wide acceptance among labour and business, despite the widely reported conflict over the Basic Conditions of Employment Bill.

They said the growing acceptance of the new labour system could be illustrated by the increasing normalisation of relationships between the main actors at

collective bargaining and by the growing organisational capacity and strategic sophistication of the social partners.

"In the past 12 months, strike activity has been the lowest since 1990. Consultants Andrew Levy & Associates registered 510 000 work days lost compared to 3,1 million in 1992, with the bulk of agreements finalised without large-scale industrial action," they said.

Cosatu, the labour federation, had endorsed the September Commission's recommendations to embrace social unionism. The number of employers joining key business organisations such as Sacob had increased by 14 percent between 1995 and last year from 38 percent, they said.

However, Macun and Webster said despite this growing trend towards the normalisation of industrial relations, conflicts of the past continued to mar the relationship between business and labour. These differences could come sharply to the fore in the Truth and Reconciliation Commission (TRC) hearings on business and apartheid this week.

They said at the TRC, Cosatu was likely to argue that business collaborated with the apartheid regime and will be demanding some form of reparation.

Employer group challenges unions and councils 'for jobs'

ET (PDR) 19/11/97 (133)

SHIRLEY JONES

KWAZULU NATAL EDITOR

Durban - The Confederation of Employers of South Africa (Cofesa) intended to topple the industrial councils, close down the Natal Clothing Manufacturers' Association (NMA) and defeat the South African Clothing and Textile Workers' Union (Sactwu), Piet Pelsner, its KwaZulu Natal director, said yesterday.

"We'd like to close them all down and see the bargaining councils out of the hair of the entrepreneur. Our mission is employment," he said.

Pelsner was responding to Sactwu's protest against the employers' organisation on Monday. He challenged the NMA, which said it had reached an agreement with the union on a package to save Durban's threadbare clothing industry, to come up with something tangible.

The rumpus arose after Sactwu accused 100 Cofesa members in Durban of withholding union subscriptions and pension, provident fund and housing loan payments while turning their backs on the new Labour Relations Act.

The union said Cofesa was hoodwinking labourers by

restructuring businesses and re-employing staff as independent contractors, thus robbing them of benefits.

However, Pelsner said Cofesa had not forced anyone to become an independent contractor and did not ask workers to sign anything they did not understand.

He said instead of paying into bankrupt workmen's compensation and unemployment funds and dubious pension and provident schemes, Cofesa offered legitimate life and disability assurance, as well as pension and provident funds with major insurance companies.

He said Cofesa could not erase the sums owed by small companies to the bargaining councils prior to their Cofesa affiliations. Many were not withholding money, he said. But their cash flow problems were so serious that they could not afford to make the payments.

"The big clothing companies owe the millions. The smaller guys are hit by industrial council inspectors daily," he said. He said in Monday's court case, the company against whom Sactwu had

won judgement would now be liquidated and all assets sold off, putting 40 people out of work.

Pelsner said this was ultimately a power struggle. Independent contractors robbed the unions of membership, while independent manufacturers meant bodies such as the NMA could no longer justify their existence.

Cofesa, which had a national membership of 125 000, employed 3,8 million people and enjoyed the backing of high-ranking advocates, would prove a weighty opponent for the union.

He said Sactwu and the major corporates tended to foist unsuitable

decisions on small manufacturers, which were incapable of dancing to their tune.

"They're killing off these guys. They have no chance of survival," he said. He challenged the NMA's estimate that Durban's clothing workers had been reduced by 17 000 since 1989. He said the figure was closer to 80 000.

Added to this was the threat of illegal imports which were still landing in the market, he said.

'We'd like to see the bargaining councils out of the hair of the entrepreneur'

Assessing the progress of the alliance

(132)

CP 30/11/97

There seems to exist a general realisation of the importance of the National Conference of the ANC to be held in Mabatho in December. The question of the organisational formations that our people need to harness to hasten the attainment of the goals of the national democratic revolution - the transformation of South Africa into a united, non-racial, non-sexist and democratic society envisaged in the Freedom Charter, must be re-

assessed. Views have been expressed on the future of the tripartite alliance and, predictably, our detractors have repeated the call for its dissolution. Some of our comrades who have attempted to introduce a fresh impetus to the debate have deliberately misunderstood, with the will-ing assistance of some from within the alliance.

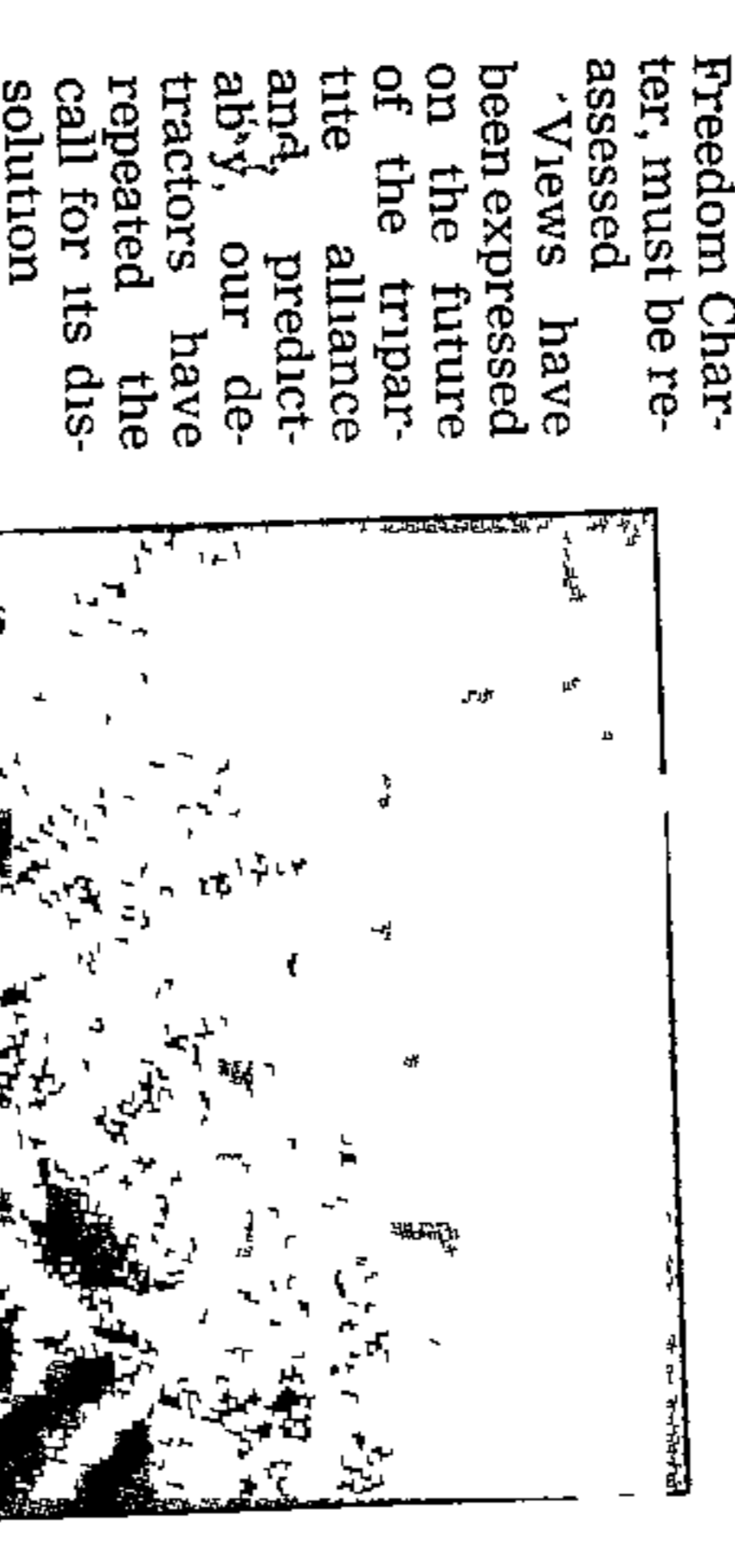
More significantly, ownership of the means of production continue to be overwhelmingly in the hands of a racially exclusive capitalist class. Participation of the black population in the economy is still insignificantly minor. The state, the judiciary, the police, the civil service and other institutions still have a composition which is inimical to the goals set out in the programme laid down in 1955 at Klip-

town. Soon after its adoption there, the Freedom Charter was adopted by all components of the (congress) alliance as constituting the basis for unity and the platform for social transformation. The mid-term review of government and the state of the nation address by President Nelson Mandela to parliament in February indicated very clearly that the objectives of the Freedom Charter have not been fully at-

ained yet. Furthermore, the majority of the people continue to live in conditions of squalor and poverty. The country is still divided along racial lines and inequality continues to be influenced wholly by

one's birth and the colour of one's skin. All the partners of the alliance, the ANC, COSATU, and the SACP, are opposed to this state of affairs and are determined to campaign against it. The access the alliance has to power must therefore be used to address this situation. The National Democratic Revolution aims at the creation of a united, non-racial, non-sexist and democratic South Africa. According to the ANC strategy and tactics document, this in essence means the liberation of the African people in particular, and the black people in general, from political and economic bondage. It is on the basis of this strategic objective that the ANC should continue to characterise itself as a broad, multi-class, mass-based organisation, accepting into its ranks all those who abide by its policies and principles.

The unifying perspective that brings the alliance together must not subtract from the organisational independence of alliance partners, nor must it remove the obligations and rights that derive from the independence of the other two



THE PEOPLE'S DEMAND. The aims of the Freedom Charter have yet to be fully implemented, says President Nelson Mandela

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ained yet. Furthermore, the majority of the

people continue to live in conditions of squalor and poverty.

The country is still divided along racial lines and inequality continues to be influenced wholly by

one's birth and the colour of one's skin. All the partners of the alliance,

the ANC, COSATU, and the SACP, are opposed to this state of affairs and are determined to campaign against it.

ANC Youth League National Executive Committee member **THABO MASEBE** writes that the need for the tri-partite alliance will continue until SA has been

fully transformed into a non-racial, non-sexist democratic society. But mechanisms must be worked out for dealing with the tactical differences which

arise of necessity from the different objectives of the three partners.

organisations to pursue their individual programmes. The functioning of the alliance should also be informed by the new realities.

The ANC is the leading party in the government of national unity and is expected to look after the interests of all citizens of South Africa. Even more important, arising from its multi-class nature, is the challenge on the part of the ANC to unite all South Africans around the vision of democracy and equality, and to end racial inequalities of all kinds, as a challenge of the ANC in the main.

It must be accepted that our allies, COSATU and the SACP, have a different class agenda, which may ultimately be contradictory to cer-

tain class interests within the ANC. This must be acknowledged more so by COSATU and the SACP, and of course all South Africans who are interested in an engaging in sensible and rational debate.

The challenge facing all components of the alliance is to find mechanisms of dealing with tactical differences which must of necessity arise given the philosophical and objective differences between the forces within the alliance. The SACP is a party of socialism and leader of the working class, and COSATU is the organising tool of the working people in the struggle for better working conditions. In the sense that the immediate strategic task of the alliance has not been fully accomplished, the basis for the tripartite alliance still

exists. Because of their different sectoral interests, COSATU and the SACP will at times find themselves in disagreement with some of the policies that the ANC government adopts. They should then be free to exercise their right to mobilise against our policies and even take action to advance their views. In doing so, they must take into account that as long as the ANC believes those policies are correct and advance the well-being of the majority of South Africans, they cannot frustrate the implementation of such policies.

In addition, the leadership of the alliance must take into consideration the multi-class national objectives of the ANC and the tactical and strategic positions of the social forces that envisage a phase beyond

the national democratic state. There is reason therefore to call on those forces whose ideological objectives are not satisfied by the ideological orientation of the ANC to state their intentions clearly. A constant cause of friction within the alliance is the failure or inability of the SACP and other left forces to spell their programmes out.

This often results in the expectation that the ANC will advance the course of socialism. Beyond the tripartite alliance there are other progressive forces which organise on the basis of sectoral interests. These organisations, which include student movements, traditional leaders, women, youth, religious groups and civic organisations, have played an important role in the heroic struggle against apartheid, and have an equally important role to play in the transformation process. The ANC must forge even closer links with these organisations which constitute part of the broad mass democratic movement, supporting their sectoral work and working with them on broad transformation processes.

CWIU starts central bargaining council

(132) CT (DR) 1/12/97
FRANK NXUMALO

Johannesburg — For the first time since it was set up 23 years ago, the Chemical Workers Industrial Union (CWIU) managed to establish a national bargaining council for the chemical industry, at its sixth National Bargaining Conference in Johannesburg at the weekend.

Bheki Ntshalintshali, the union's national bargaining council co-ordinator, said until 1995, when they were replaced by "interim arrangements", annual wage and working conditions negotiations had taken place only at plant level because of opposition from employers.

"It has been quite a struggle. Many of our members were dismissed for fighting for a centralised bargaining council," Ntshalintshali said.

"The fact that the employers have finally agreed to the establishment of a bargaining council, and that other unions in the industry are part of the process, is a big achievement."

Ntshalintshali said the conference covered proposals for framework agreements, agency shops and issues involving non-signatories to bargaining chamber agreements, substantive negotiations for next year, social responsibility issues and the constitutional drafting process. If approved by the National Executive Council in February, the drafting process will form the union's position at next year's annual negotiations with employers.

He said framework agreements proposals included issues surrounding health and safety, industrial restructuring, skills

and training, productivity and agency shops.

Next year CWIU will demand a minimum wage of R2 000 a month, a 20 percent increase on actual wages; a 40-hour working week across all sectors with no averaging; and a shift allowance with a minimum premium of 20 percent, or that all forms of shift allowances be converted to that percentage and linked to wages.

Other CWIU demands for next year are that companies provide transport for shift workers; and six months maternity leave, during which jobs will be protected, with at least four months fully paid by the companies. At present the industry pays for four months maternity leave at 33 percent of individual monthly rates, using UIF funds.

Ntshalintshali said the union would also demand shop steward leave whenever shop stewards were required to perform union duties.

Concerning next year's social responsibilities demands, Ntshalintshali said CWIU would demand that employers agree to funding childcare facilities; 50 percent housing subsidies, an audit of all housing schemes available in the industry; the option for all employees to join the industry retirement fund, preferably the provident fund with a minimum contribution of 6 percent of individual wages, and affirmative action policies.

He said if there was no settlement by June or July next year at the bargaining council, CWIU would mobilise or call for rolling mass action.

The union has a paid-up membership of 46 000 workers.

ILO men review Nedlac

00 4/12/97

(132)

Reneé Grawitzky

THE National Economic, Development and Labour Council (Nedlac) might have been "too ambitious" to believe that consensus could or should be reached on all issues, an International Labour Organisation (ILO) delegation to SA said yesterday.

ILO regional director for Africa Elias Mabere and industrial relations director Hông-Tranf Perret-Nguyen said in two years Nedlac had delivered well, but initial high expectations should not lead people to take a negative view because of some difficulties.

Mabere said "We do not know how much better Nedlac could have done under the circumstances. However, perhaps the time has come to see whether the structure can be improved and streamlined."

Mabere said Nedlac's role should eventually be reviewed as

a living institution. It had to adjust to changes taking place around it in order to be sustained.

These views were conveyed during an ILO-Nedlac seminar in Johannesburg on social dialogue, at which delegates from the Southern African Development Community (SADC) exchanged views on their institutions.

Mabere and Perret-Nguyen said social dialogue was one of the major issues concerning the ILO. It fell within the context of trying to strengthen democracy. Social dialogue was not only essential for attaining and maintaining democracy, but was also important for economic growth. However, social dialogue did not necessarily mean negotiations, but a continued commitment to talk and exchange views in a nonthreatening body. Consensus, they argued, could not be reached on all issues, and there could be instances where information sharing and consultation

were sufficient.

A representative of the ILO's southern African multidisciplinary advisory team, Tayo Fashoyin, said although Nedlac was not a structure without its own weaknesses, it was far ahead of institutions in other SADC countries and some of its features could be implemented in other countries. He said though countries in the region had been trying to move in the direction of Nedlac, progress was slow.

However, the focus on attempting to reach consensus on all issues had caused some concern among SADC countries. The developments on the Basic Conditions of Employment Bill were a case in point.

Mabere said, however, that Nedlac was formed by the SA experience and one could not necessarily export it to other countries. These institutions had to be home grown to be viable, he said.

Labour, govt and business move closer

Reneé Grawitzky

LABOUR, government and business are moving closer to agreement on the Skills Development Bill but have yet to reach consensus on core issues such as how training should be financed, the collection of funds and demarcation of training institutions.

The National Economic, Development and Labour Council (Nedlac) executive council received reports on Friday that discussions on the bill had been "characterised by a real spirit of consensus-seeking" which led all parties to believe the few outstanding issues would be resolved soon. The executive committee agreed

that the final round of negotiations on the bill would take place from February 2 to 4 next year. Nedlac's management committee has been mandated to ratify an agreement on the bill on February 6, in the event that agreement is reached during the final round of negotiations.

Business, informed sources said, had yet to respond to the proposed training levy while, it was understood, the Congress of SA Trade Unions (Cosatu) was prepared to reconsider its demand for a 4% levy.

The bill proposed a training levy on the personnel costs of each employer of between 1% and 1.5%. Business opposed the levy concept from the outset.

This week Cosatu rejected the finance department's attempt to side with business in opposing a levy and called on Finance Minister Trevor Manuel to explain why there should not be a training levy. An industry training board source said there had been an in-principle agreement that the levy could take different forms.

Further discussions were still to take place on the demarcation of sector education and training authorities, and education and training boards, as business had expressed concern over the matter.

In addition, agreement had yet to be reached on the manner in which funds would be collected. The bill proposed

that funds be collected centrally, possibly through the receiver of revenue, and that 80% of funds collected would be re-allocated back to the education and training boards, with the national skills fund receiving 20%.

In response to opposition from business and industry training boards, government proposed that funds be collected on a sectoral basis. Agreement has yet to be reached on this issue with business stressing that training boards which can demonstrate a successful collection and distribution system, should be allowed to continue.

It is understood that labour supported the collection of funds on a sector basis

INDUSTRIAL RELATIONS

- GENERAL -

1998-1999

Gear 'favours business at workers expense'

THE labour movement said yesterday that government's macroeconomic policies favoured business at the expense of workers and the poor.

Just three days ahead of the new budget, a top Congress of SA Trade Unions (Cosatu) official said that government's growth, employment and redistribution (Gear) strategy was inhibiting job creation and poverty alleviation.

"This is the core of Cosatu's rejection of Gear," said Zwelinzima Vavi, Cosatu deputy secretary general, in an article published in Sunday newspapers.

It has clearly limited our capacity to deal with the social deficit," he said.

Government unveils its budget for the 1998/99 fiscal year — which starts on April 1 — in Parliament on Wednesday.

Highly critical

Since the launching of government's five-year macroeconomic plan in 1995, Cosatu, has been highly critical of the policy and has threatened to break away from its historic ally, the African National Congress.

Vavi said that government's budget parameters should be "appropriate" rather than "arbitrary" and that the process of drawing up policy should be transparent, participatory and democratic.

He said Cosatu supported the introduction last December of a three-year budgeting plan, the medium-term expenditure framework, which allowed it to plan ahead.

"It is, however, rendered problematic by Gear's commitment to rigid and arbitrary limitations on budgetary deficit and revenue collection," he said. — Reuter.

Department to fund industry project

Patrick Wadula

DEPUTY Trade and Industry Minister Phumzile Ngcuka-Mlambo yesterday said the department of trade and industry has set aside R13m for the Workplace Challenge Project, intended to improve industrial relations and working methods

At the launch of the project at DPI Plastics in Wadeville, she said the joint initiative between business, labour and government aimed to improve the competitive

PD 17/3/98
capability of companies in different industrial sectors. These companies had to compete in the global market and had to ensure high investment and employment security together with economic growth

She said the Workplace Challenge project aimed to become involved at factory level to reach the people who were primarily responsible for adding value in the manufacturing process

Each industrial sector would receive about R1m, depending on

(132)
its size, from the department. Companies would be required to add 25% to the R1m sector grant

Ngcuka-Mlambo said the project was not to be viewed in isolation from other department of trade and industry programmes

Nedlac executive director Jayendra Naidoo said one of the key objectives at factory level was to encourage co-operation between management and workers so as to promote better company performance together with benefits that would be shared by all

Govt and labour still ironing out differences

Renee Grawitzky

BD 26/3/98 (132)

GOVERNMENT and labour met this week to iron out differences which developed over the restructuring of Transnet and SA Airways, leading labour to suspend its participation in the process.

The parties have met several times since labour suspended its involvement on March 9.

The meetings resulted in labour believing its grievances over Transnet's shakeup had been addressed. However, meetings this week showed the parties had misunderstood what had been agreed at a meeting with Public Enterprises Minister Stella Sigcau on March 12.

The head of Transnet's restructuring labour steering committee, Christo van Heerden, said the parties had agreed that government would respond in writing to labour's original letter of demand sent to it on March 9.

He said the suspension would remain until clarity was obtained.

Social pact urged to boost growth above 3%

John Dlodlu

MD 9/6/98

(172)

AN EFFECTIVE social pact between government, labour and business is required to propel SA economic growth from pedestrian levels to rates beyond the 3% ceiling, according to a new sectoral study.

The report, prepared by the Industrial Development Corporation and the trade and industry department, says such a pact — coupled with good policy co-ordination — could buoy optimism and drive investment, exports and domestic demand to higher levels.

It uses three scenarios — low (pessimistic, pre-Gear policy environment), baseline and high (optimistic) — to assess SA sectoral prospects beyond the turn of the century.

Alan Hirsch, the chief director in charge of industry and technology strategy at the trade department, said while in the past government's role in economic development appeared to be regulation or "blunt" intervention, the project, together with other departmental programmes, represented a move towards strategic and informational state leadership.

Making information available to the private sector was important to facilitate decisions that would benefit the economy, notably in job creation.

"We believe that a lot of problems around investment decisions are problems of information, and we are trying to close the gap between the information that is available and information that is required," Hirsch said.

The report says government, labour and business will have to strive towards removing constraints on foreign direct investment and export penetration, and create a positive domestic en-

vironment to enable business to embrace labour-absorbing manufacturing activities.

While acknowledging the foundation laid by government's trade reform, the researchers warn that it is not a "sufficient condition to bridge the identified investment, production and employment gaps" between the current path and the high growth scenario.

The baseline scenario assumes growth rates of 3%, underpinned by a recovery in private consumption expenditure, stimulated initially by demutualisation and lower interest rates and later on by employment creation.

This scenario, which also takes into account supplyside measures, lower borrowing costs and recovery in domestic and external demand, requires the manufacturing sector to improve its prominence in the economy and, together with the financial sector, lead to value added growth.

The high growth scenario, with expansion of around 4,5%, would see investment and export-related sectors such as manufacturing and construction expanding faster.

Although the corporation and government are cautious not to be seen to be picking winners, the research, which will be reviewed every two years, shows that rapid growth can be expected from the metals, chemical and forestry sectors.

Hirsch said government was reviewing its tax holiday scheme, which had so far attracted 50 companies and created about 20 000 jobs, to make it more investor friendly.

However, he denied suggestions that government's incentive package was less competitive than those of neighbouring countries.

Tripartite alliance summit postponed 'for more preparation'

Reneé Grawitzky

THE meeting between the African National Congress (ANC) and its alliance partners that was scheduled to start today has been postponed for the third time, allegedly because more preparatory work is needed to ensure a successful outcome.

The summit, between the ANC, SA Communist Party (SACP) and the Congress of SA Trade Unions (Cosatu), would have taken place in the wake of rising tensions between Cosatu and

government over the passage of the Eskom Amendment Bill through Parliament. This caused some union officials to ask what was "keeping the tripartite alliance together".

National office bearers of the ANC, SACP and Cosatu said this week that extensive preparations were taking place ahead of the summit.

However it was acknowledged that the summit would be more fruitful if additional time was given to the eight working groups set up to cover areas such as fiscal and monetary policy, in-

dustrial policy, job creation and the labour market.

A source close to the process said the parties were also mindful of the fact that the summit would have preceded Cosatu's crucial central committee meeting next week. This would have proved problematic for Cosatu, in view of recent developments, to report back on the summit proceedings if no clear positions were adopted.

The alliance secretariat said much progress had been made in drafting discussion papers on all the issues be-

ing covered by the working groups.

However following an assessment of the progress on Monday, alliance leaders agreed that the summit should be postponed for "some weeks" in order to complete the preparatory process.

The secretariat said "we are dealing with a wide range of complex matters".

It was also accepted that Cosatu's central committee, the ANC's national executive committee meeting this weekend and the SACP's congress during the first week next month, should put forward points for the summit.

P5D 17/16/98

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Workplace participation is not confined to forums

ET (PAR) 17/6/98 (132) (157)

LYNDA LOXTON

PARLIAMENTARY CORRESPONDENT

(2/17) 3 (100)
Cape Town. — Although only 13 workplace forums had been established since November in terms of the Labour Relations Act, other forms of work place participation were being initiated, Tito Mboweni, the labour minister, said recently

Answering questions in the national assembly, he said the Commission for Conciliation, Mediation and Arbitration had received 48 applications for the establishment of workplace fo-

rum since November Thirteen had already been established and 12 were being processed The rest had not met statutory requirements

"However, this does not reflect a lack of activity in relation to other forms of work place participation," Mboweni said.

"We have had reports that various forms of work place participation have been initiated and are operating

"Workers and employers are not required to follow the route prescribed in the (act) in respect of work place participation"

Militant struggle needed, Cosatu warns

(172)

Star 23/6/98

'Higher productivity, fewer jobs, and companies are richer'

By JOVIAL RANTAO
Political Correspondent

Cosatu has warned that its 2 million members would revert to militant struggle to force the Government to abandon its macro-economic Growth, Employment and Redistribution policy (Gear).

This warning was made by Connie September, Cosatu's first vice-president, and general secretary Mbazima "Sam" Shilowa at the federation's central committee meeting in Johannesburg.

The committee meeting, which started yesterday and ends tomorrow, was convened to finalise Cosatu's position on public service transformation, job creation, the labour market, fiscal policy, land and social

reform, and industrial policy.

These issues would be discussed at the ANC-Cosatu alliance summit scheduled for next month, which would be a forerunner to the Presidential Jobs Summit.

In separate addresses to the 500-member committee, September and Shilowa said Gear - introduced in 1996 amid protests from Cosatu and the SA Communist Party - had stifled economic growth and employment creation, and continued to undermine the redistribution of wealth.

"The days of militant struggles led by our shop stewards are now needed ... Gear must go so that we can see the full implementation of the RDP (Reconstruction and Development Programme)," September said.

She said Gear had failed because it focused on selfish, short-term business interests.

"Two years into Gear, workers are really beginning to feel its pinch. Gear's rigid deficit and revenue targets have meant a very limited implementation of the (former) RDP," she said.

September said that last year alone the economy had shed more than 120 000 jobs, while worker productivity had risen since 1992.

Company profits were breaking records but the wage gap was increasing with no significant steps taken to shift the tax burden from the poor to the rich, she said.

See Business Report

Call for poll levy from workers to help ANC

By HOPEWELL RADEBE
Political Reporter

Cosatu has proposed that workers pay a levy to help the ANC election campaign next year.

The proposal, still to be approved by Cosatu's central committee, was made by general secretary Sam Shilowa at the start of the trade union federation's conference in Johannesburg yesterday.

Shilowa did not specify the amount of money that would

be expected from each worker.

He said the ANC required financial support because it was unlikely that the ANC-Cosatu alliance would receive international funds.

"In most countries, workers invest in a party of their choice through funding. South African workers cannot be an exception," Shilowa said. He said the new levy should be authorised according to the Labour Relations Act. Shilowa urged the central

committee to debate according to the constitutions of both the federation and its affiliates whether the levy should be imposed without the consent of the membership.

"It requires political commitment to fund the ANC. We are aware not all members of Cosatu are members of the ANC. However, we believe it is in the interest of all workers to vote for the ANC if we want the transformation process to succeed," Shilowa said.

Government all set to tough it

Out with unions (132) STC(BI) 28/6/98

LABOUR

By CAROL PATON

ments in the public sector. Talks on retrenchments were under way with unions.

Due to the size of the civil service, government was a "major dissaver". Rationalisation had the potential to provide impetus to the economy, he added.

Pityana also opposed a moratorium in the private sector. "By calling for a moratorium you are asking someone to pay for hidden unemployment. We think it is better to promote and support those areas of the economy which can create opportunities for long-term sustainable jobs."

However, some of the government's proposals will be attractive to labour. These include social plan measures to alleviate the effects of retrenchment, public works, municipal infrastructure programmes, and plans to boost UIF to allow the unemployed to receive benefits for a longer period.

Ebrahim Patel, labour representative at Nedlac, would not comment on government proposals. But he said that the job summit would comprise a range of packages. "We are not looking for a single silver bullet but a range of packages," he said.

Raymond Parsons, business representative at Nedlac, said that the tabling of the government's proposals meant that it was "all systems go" for the job summit.

"Some sections of business have been concerned about the timing. We've apologised for any misunderstanding, and it's all systems go. We must get on with it," said Parsons.

THE government has taken a tough line with labour on the presidential job summit, saying it does not need consensus to go ahead with its employment strategy which includes proposals to increase labour market flexibility.

It has also rejected the labour call at the Nedlac executive council on Friday for a moratorium on public and private sector retrenchments.

Labour director-general Siphosithi Pityana said on Friday that summit preparations would include getting the views and opinions of broader society.

"But the objective is not to reach consensus — it is to find each other on issues on which we think we can agree. If we reach consensus, all the better. If we don't, then we will structure a way forward on issues on which we don't agree," said Pityana.

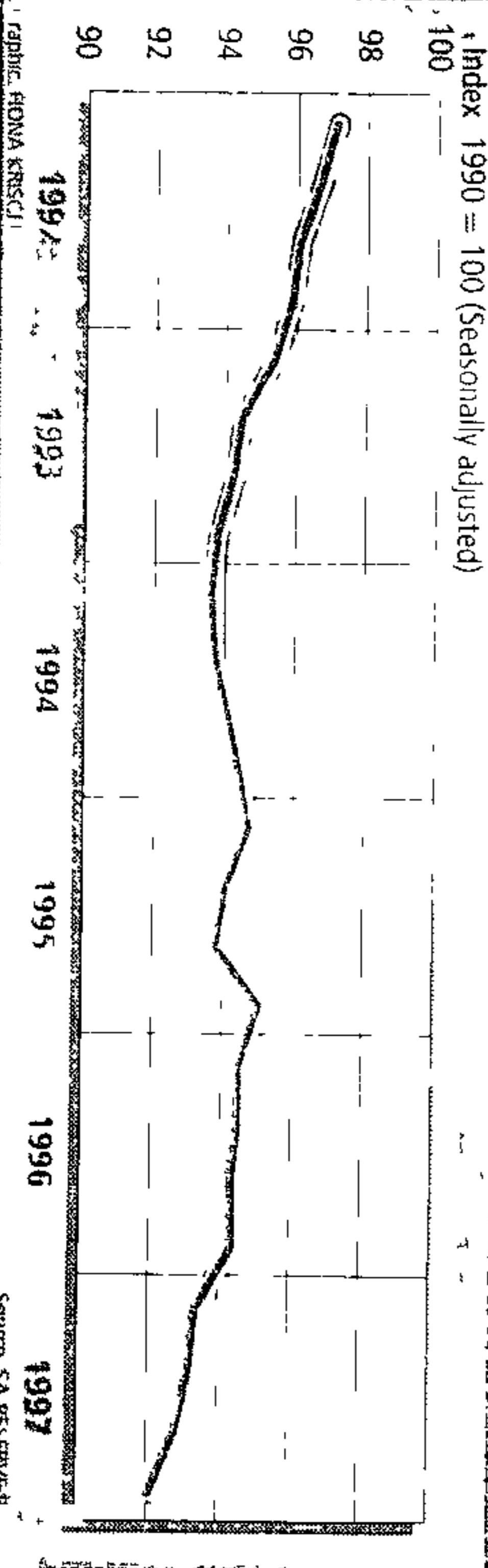
Government proposals to improve labour market functioning, which were released this week as part of its employment strategy and will be tabled at the job summit, include:

- A learnership wage for new entrants into the job market
- Greater caution in extending industrial council agreements to companies that are not part of the council, and
- Labour Relations Act amendments that would reduce job security of new employees in their probationary periods.

Government called on labour to moderate wage demands, keeping these in line with inflation and productivity improvements. Pityana said government would not entertain the idea of a new moratorium on retrench-

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NON-AGRICULTURAL EMPLOYMENT



WAY TO GO... Labour Minister Tito Mboweni's department is determined to move forward

Nedlac talks tough to Cosatu

FRANK NXUMALO

LABOUR EDITOR

Johannesburg — Government and Business South Africa (BSA) got tough with the Congress of South African Trade Unions (Cosatu) at the Nedlac meeting on Friday when they rejected a call for a moratorium on retrenchments ahead of the jobs summit in July.

"By calling for a moratorium, you are asking someone to pay for hidden unemployment. We think it is better to support those areas of the economy which can create opportunities for long-term sustainable jobs," said Siphso Pityana, the government overall convener at Nedlac and the director-general of the department of labour.

Pityana repeated that the presidential jobs summit would

CT (BR) 29/6/98 (132)
not be a negotiating forum but the "culmination" of a negotiated process between the Nedlac partners that would also include bilateral talks.

Pityana reminded labour that in 1996 it had agreed to a wage package in the public sector, the "flip side" of which was the retrenchment of 300 000 public sector employees over a three-year period.

He said a consensus was not necessarily the aim of the negotiation process leading up to the jobs summit.

"If we reach consensus, all the better; if we don't, then we will structure a way forward on issues on which we don't agree," Pityana said.

Raymond Parsons, the BSA overall convener at Nedlac, welcomed the tabling of the government's employment strategy

framework. He said this meant it was now "all systems go" for the jobs summit. Parsons rejected labour's call for a moratorium in the negotiation process leading to the summit as a proposal that was "not practical".

Parsons apologised for earlier misunderstandings caused by calls for the postponement of the summit until after the general elections that had been attributed to business.

Ebrahim Patel, representing the labour component at Nedlac, including Cosatu, Fedusa and Nactu, said although a moratorium on retrenchments was not a precondition, it would nonetheless "create a climate most conducive" to a successful summit.

This was after a call by Cosatu last week for legal measures to make retrenchments impossible without negotiations.

Shooting ourselves in the foot

Not enough money, more than enough pain is the Catch 22 that South Africa's workforce faces

(1992) After 8/8/98

Growth is the most powerful weapon in the fight against poverty, the World Bank says. But it requires a common understanding of the strategies for growth between government, labour and business.

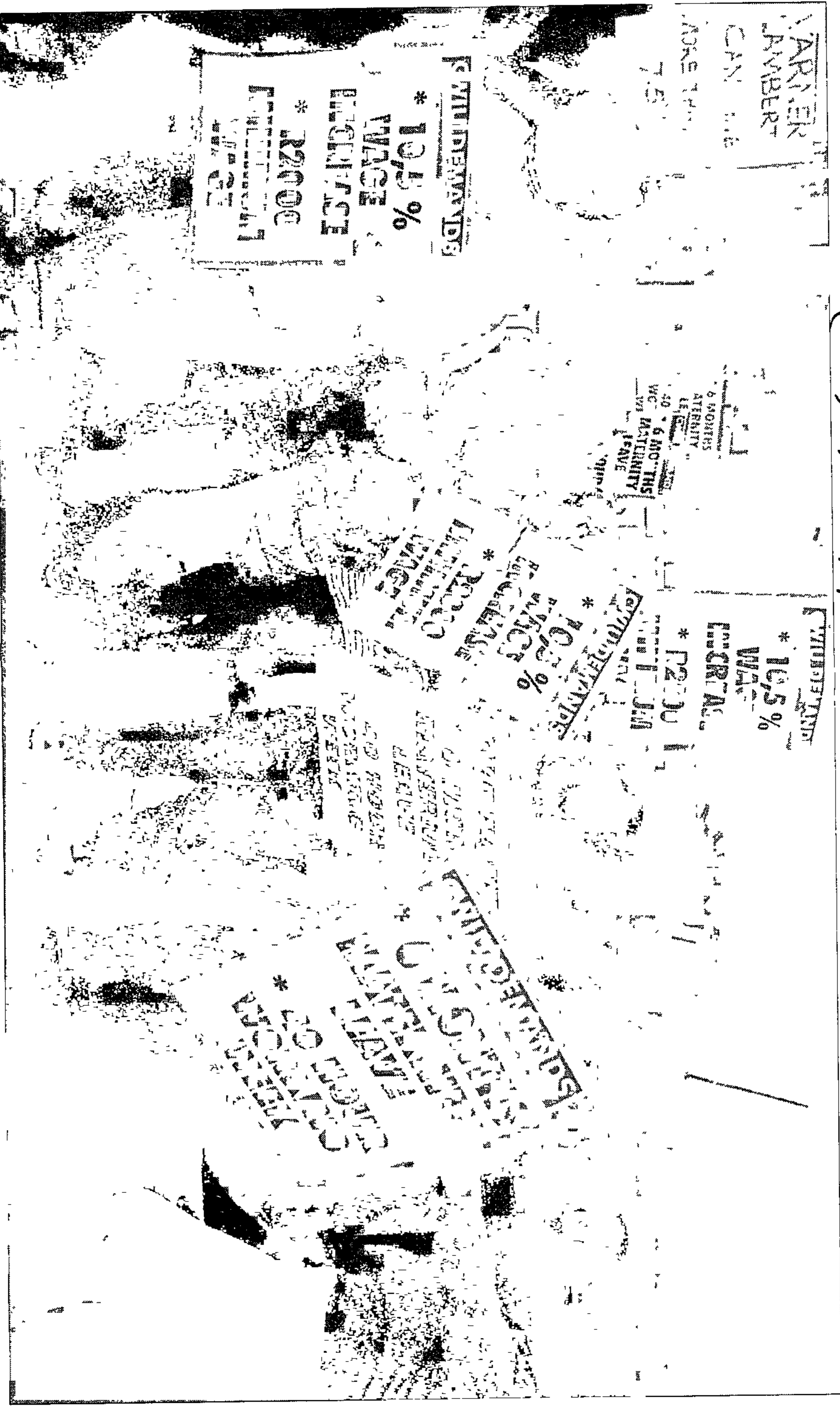
This week's strikes have shown that, apart from the normal posturing of strike season, which this is, the understandings required for economic growth are not there. Unions seem more militant than they have in years, and even appear to be sabotaging the Government's job creation orders.

Labour is also facing the challenge that it could experience a huge community backlash next week. If, after the long weekend, petrol pumps are dry, taxis stand idle, trains are not running and wages are lost.

It is a confrontation Cosatu has never faced, and one that could threaten its strength. The union federation is faced with a lack of strategic leadership which, after a drain of top people to government four years ago, it has still not recouped.

Reconsider

Bosses know this, and are taking a hard line - perhaps in the hopes of laying off some workers for the hard economic ride ahead. The Government is keeping its head down and saying it is not its place to interfere - although, if petrol shortages continue next week, and trains also stop running, it may be forced to intervene in those strategic industries. The Government's growth strategy, Gear, is back under the whip.



ON THE MARCH, Striking members of the Chemical Workers' Industrial Union protest in Cape Town this week demanding an above-inflation pay increase and other benefits

at petrol stations, which mineral and energy affairs deputy director-general Gordon Sibuya says will see jobs lost.

"The Government will not sponsor major export contracts, Samcor has obtained one to export engines, Mercedes-Benz has been awarded the export

This week's strikes have shown that, apart from normal

containment from the workers' side." A view among some analysts, and employers,

avert strike action. But both stood eyeball-to-eyeball, waiting for the other to blink first. When combatants stand that close, they fail to see the scenario that flanks them - and these are economic weeks.

years, Sibuya of Mineral and Energy Affairs said deregulation of the petroleum industry would be a reality within five years, and there could be a fifth oil refinery and a state-owned oil company.

"Even supermarkets will be allowed to sell petrol. If we deregulate immediately, we'll close out emerging firms, because only major firms can compete. France has a lot of derelict petrol stations since it deregulated, but that happened because it was quick and the smaller guys died."

"Here, the Government is taking its time to allow greater access to the industry and minimise job losses." Which brings us to the toy-toting workers - do they have a case? Michael O'Donovan, chief researcher at the Human Sciences Research Council, says "Heightened aspirations have been coupled with economic reforms that have not yet been associated with job creation and increasing incomes. What transpires is an increasing juxtaposition of affluence and poverty, and a heightening sense many have of their own deprivation."

Few put the case of union members as eloquently as Muzi Buthelezi, general secretary of the CWIU. His deputy Nelson Mthombeni says they have been monitoring the taxi situation. "Petrol is not getting to everyone, contrary to what the oil companies say, but the petroleum companies have expressed no desire to talk and there is little we can do. If petrol supplies dry up it is not just our fault."

Education

Buthelezi, one of the most accomplished unionists left in Cosatu, says, "We are aware our wage request is above inflation, but workers got 10.5% last year, and they don't want less now. It is going to take some education to explain the economics." "If a worker is earning, say R1 200, he says, but if I get 10%, that is still only R120 more, how will I survive with that?" "We have a chunk of workers who earn nothing, especially from the homelands, and the plastics sector." "At factories around Dimbaza (a northern former Bantustan human

SA Communist Party for their ongoing criticisms of Gear, but perhaps the time has come for those complaints to be reconsidered. Perhaps Gear, particularly in the light of a severe economic crisis in emerging markets, needs serious re-evaluation from all sides as worldwide old economic solutions are being tossed out of the window.

The old medicines bestowed to economies in the past, at the behest of the International Monetary Fund in particular (and Gear is based on some of that traditional thinking), is being jeered out of court by capitalist analysts all over the world.

David Roche, a London-based investment strategist, in a recent issue of *Forbes*, notes that high interest rates (the IMF demand to ensure bailout packages) increase domestic debt, which in turn "dwarfs foreign debt as a burden".

The latest issue of *Forbes* ranks SA fourth among emerging markets (behind Singapore, Taiwan and Hong Kong) and says "Economies fare best where capital is cheap, plentiful and fairly allocated. They fare worst where politicians and oligarches control the purse strings".

Whether SA will maintain that favourable rating next year is moot.

And although transport strikes in France remind us that SAs unionists are not specifically irresponsible, "the challenges we face in South Africa are different", according to Gerrit Bezuidenhout, labour analyst at the SA Chamber of Business.

He says "South Africa is not France. France is highly developed, it is stabilised in many respects, with a well-established democracy. We still have to make a mark."

"High wage settlements could have negative effects. Competitive ness is about delivering orders, being attractively priced. We are all in this together, if jobs are lost, all of South African society suffers."

Let's take a look at the present strike situation and some of the context in which it takes place.

Vehicle sales are down a quarter, and unless export orders can be secured - and those are dependent on reliability of production - jobs will be lost. Yet this week 85% of the 21 000 workers in the automotive industry went on strike, demanding increases of 2% above inflation in 1999 and 2000.

Vehicles began running dry this week, as a strike in the petroleum and chemical industries saw 47 000 workers walk off the job and demand a 10.5% pay rise - double the inflation rate of 5.2% (in June). They also want a 40-hour week, paid sick leave and a minimum of R2 000 a month. Employers are offering an increase of between 6 and 8%.

Over the next five years, the petroleum industry will see deregulation

and hand-drive vehicles, and others are under discussion. What has happened in the vehicle industry is that a three-year wage agreement drew to a close in June and negotiations for the next three years have begun.

Workers agreed to an 8% wage increase - almost 3% above inflation, but want a guaranteed 2% above inflation in 1999 and 2000.

Be sure that Government will not sponsor a mass retrenchment programme

we were coming to a halt because petrol was unavailable. Metro-rail is part of Transnet, and its grant unbundling and privatisation process, in which jobs will be lost.

Just over a fortnight ago, workers at Eskom had a brief, violent strike. Eskom is resisting, probably successfully, suggestions for its privatisation. It is also acknowledged as one of the most progressive and enlightened employer organisations in the country.

On the one hand, some say workers are adopting the most militant strike poses they have in a long while (even though man-days lost have been on a dramatic downward curve since 1995, and have only marginally inched up now) because they are resisting privatisation, deregulation and job losses.

But how does one equate that view with the attitude of workers at the National Union of Metalworkers of SA (Numsa) who are striking in an industry that is managing to save jobs, and gain others, by securing export orders that will fall away if production is affected by strikes?

Volkswagen, as an example, secured a R5-billion export order this year to produce 68 000 vehicles for export over the next two years.

Says VW spokesperson Matt Gungrich: "We are not yet in full-volume production. We have just finished a training programme for 1 000 new employees who will work on the project. A couple of hundred jobs that would have been lost have been saved. And what will strikes do to investor confidence, particularly as other manufacturers are currently negotiating export deals?"

Indeed, BMW has just received a

hand-drive vehicles, and others are under discussion. What has happened in the vehicle industry is that a three-year wage agreement drew to a close in June and negotiations for the next three years have begun.

Workers agreed to an 8% wage increase - almost 3% above inflation, but want a guaranteed 2% above inflation in 1999 and 2000.

Gingrich says worker/employer relations have been good over the past three years. "In 1994 we lost about 45 days due to work stoppages, which went down to about three days in 1995, 10 in 1996 and four last year. So far this year (before the strike) we had lost only three days."

Biddle Webster, director of the Sociology of Work Unit at the University of the Witwatersrand, says labour relations across all sectors have begun to normalise in recent years, particularly with increased use of the Commission for Conciliation, Mediation and Arbitration.

"On the one hand there are moves towards normalisation, while on the other are some of the confrontation-al, violent and disruptive labour politics of the past. But this is strike season - a time when people flex their muscles and there is a lot of brinkmanship."

Season the under-standing required for economic growth is not there

(132) Star 8/6/98

"The Numsa strike seems as though it could be disastrous for export orders, but I am not close enough to the issues to know if one can nail Cosatu for a lack of strategic action," Webster says.

Attempts by the *Saturday Star* to obtain comment from Cosatu were unsuccessful. Webster says a failure to implement workplace forums (which many unions believe could erode their base) and the labour market pacts recommended by the Labour Market Commission of 1996 are bedevilling labour peace and growth. "We need export orders and we need investment, but, at the same time, workers have real grievances."

"Perhaps there has to be a trade-off in which the Government starts improving things like public transport and wider social aspects, and management draws workers into decision-making processes to a greater degree, including the development of social benefits such as health and education. And (there needs to be) some sort of cost

Challenge

ingers salute to Mandela and Mbeki for laying into them at first, the Cosatu congress and then the SACP congress six weeks ago, for their ongoing rejection of Gear.

Mandela and Mbeki essentially told the two stunned references to cut political rhetoric and start building a battered economy.

Political analyst Tom Lodge, of the University of the Witwatersrand, says he doubts that unions are using these strikes to make a statement about Gear but "union management needs to be strategic to ensure its survival. Any settlement above the rate of inflation, to elicit public sympathy, has to show that workers are earning well below a minimum wage. These are also workers threatened by rationalisation, and their demands have been poorly represented," he says. "Toy-toying workers and incoherent shop stewards in front of a television camera will not get public support."

Mbeki, in the United States this week for binational discussions with US Vice-President Al Gore, called the rush of strike activity in SA "madness". And Finance Minister Trevor Manuel appealed to workers and employers to find ways to

who registered as job seekers with the Department of Labour last year, totalled 3 714 850, but real unemployment is probably three times that. In December alone, the Department of Labour registered no fewer than 330 191 new unemployed.

Business confidence ratings released this week show a dip to a five-year low, mainly because of concerns about SA's net open forward position and the vulnerability of the

Why should only the poor hold back on wages? Bosses must make sacrifices too

balance of payments.

Liquidations for the second quarter of 1998, according to the Central Statistical Service, increased 59% compared with the first quarter, and 21% compared to a year ago. In addition, compulsory liquidations were up by 20% on last year. Insolvencies shot up by 56.2% - a fifth more than last year.

Reserves keep shipping - down to R32.6-billion on July 31 compared with R33.4-billion on June 30.

What does all of this have to do with strikes? With you and me?

Everything, because it has an impact on our ability to keep our jobs, to find new jobs, to pay our bills. It influences the capacity to close wage gaps and to build an economically just economy.

The week dawned with a strike started three weeks ago by 9 000 members of the National Council of Train Unions-linked SA Chemical Workers' Union being enhanced by 36 000 members of the large, Cosatu-based Chemical Workers' Industrial Union - the former home of Trade and Industry Minister Alec Erwin, and long known as a militant but well-organised union.

To add pressure to fuel supplies, the Government imposed an 11c-a-litre fuel increase on Wednesday, which saw motorists rush to fill up on Tuesday, further depleting supplies. Although the industry said by the week's end that supplies were getting to filling stations, and Sasol claimed it had experienced no impact, motorists experienced closed petrol stations. Some commuters were on taxis that ran out of fuel.

It is an industry headed for enormous change over the next five

years) we found people earning R250 a month. Last year when we settled they were earning about R450 to R750 a month.

"If we get the increase we want, they will be earning R900. Most of them have no benefits in terms of retirement or anything else."

"We want a minimum across industries. Over the past two years, high earners have been held back by us, while we have raised rates for low earners. Perhaps we were strategically at fault for not pushing for increased benefits too."

Buthelezzi says they are aware of the arguments that the employed form a labour elite in a country of mass unemployment, "and we know salary increases threaten the jobs of people with low skills, but that is the risk we have to take in terms of raising overall standards."

He criticises a tendency, which he says emerges in the media, that "the poor" should hold back on wage demands, and yet their bosses are earning R600 000 and even R2-million a year. If sacrifices have to be made, we all have to make them.

"Numsa is demanding 2% above inflation and employers are rejecting that. But if we say we will stick to inflation-related wages in the hope that it will create jobs, what guarantees do we have that it will create jobs?"

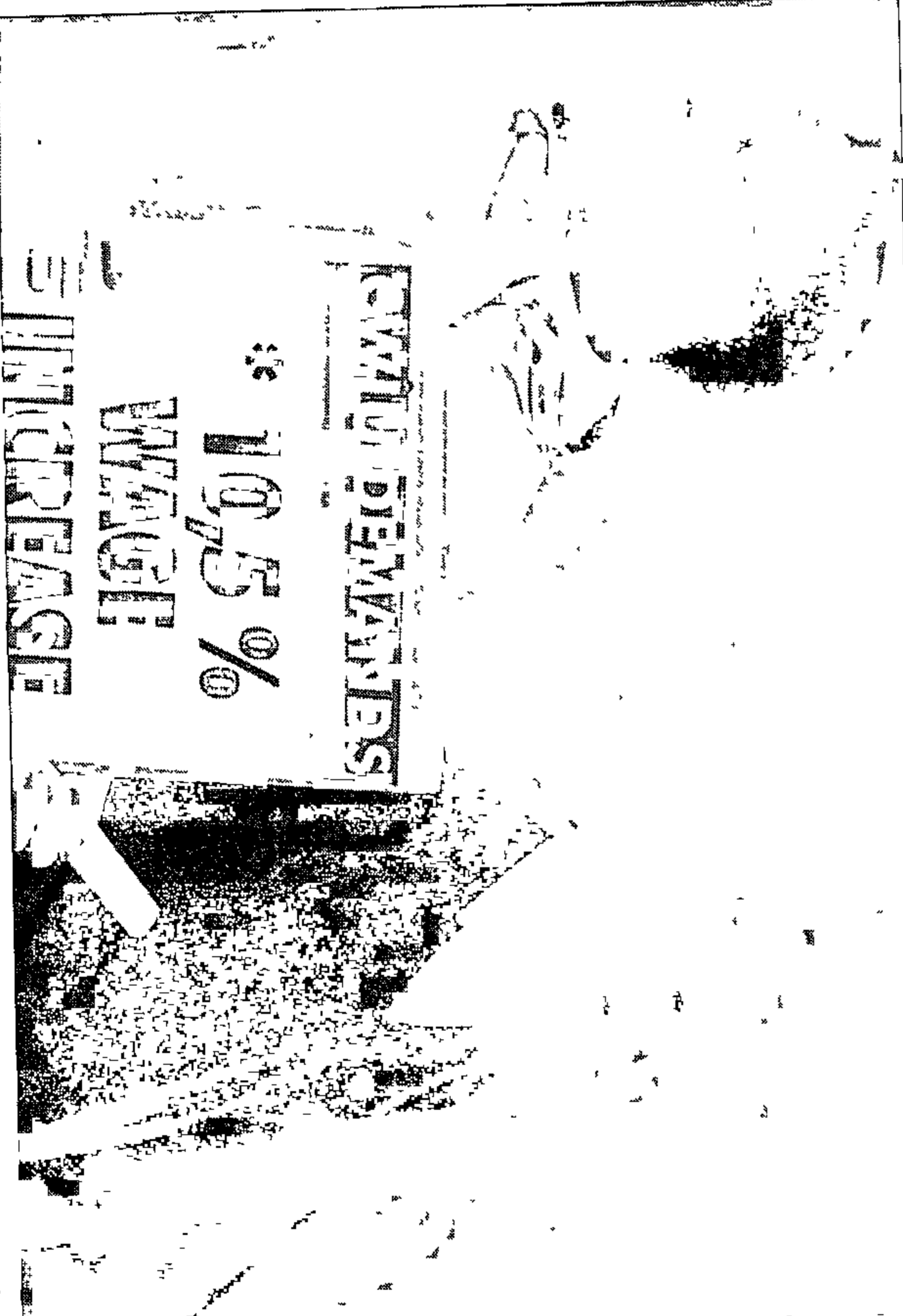
"Look at Gear. We are getting the opposite of what we were told. Gear would deliver workers who are already badly paid, who don't have a social wage, earning between R600 and R700 a month."

"How much do they spend each day for transport and food? With globalisation, governments have problems controlling their own economy. Should we sacrifice our workers too?"

"South Africa is not like other countries. We have huge wage disparities and it will take years to reduce the wage gap between people."

South Africa has made impressive strides in creating among the fairest labour policies in the world. To hear South African employers argue with those from other countries behind closed doors at international conferences about the need for worker rights and economic justice is to feel pride in a country trying to come to grips with its past, and its future.

The challenge is to develop an economy - without destroying it in the process - that can redress income disparities and grow. South Africa, in terms of the injustices undermining its fabric, is different - but not so different that we can ignore the dire crises that international economies are facing, and our own need to heed those challenges and bite the bullet as workers and employers.



HE AIN'T NO CHICKEN: With some workers wearing disguises, members of the Chemical Workers' Industrial Union took to the streets. They and other unions are sending an unforgiving message to investors.

Nedlac parties regret Naidoo's resignation

Pearl Sebolao

THE resignation of the most visible figure in the National Economic, Development and Labour Council (Nedlac), its executive director Jayendra Naidoo, has raised questions about whether his departure would threaten its existence.

Naidoo, who has played a central role in Nedlac since its establishment in 1995, announced on Tuesday that he intended leaving the institution by December.

Business and labour said Nedlac had won legitimacy and a secure place in SA and that it was an integral part of the new labour regime. But they acknowledged that Naidoo's resignation would have an effect on the organisation.

The president of the National African Federated Chamber of Commerce, Joe Hlongwane, said Nedlac did not have the capacity to fill the vacuum that would be left by Naidoo's resignation.

He said Nedlac needed to be "restructured so that it is not left in limbo" when important office bearers left.

There would be "problems, but these would not be insurmountable as the organisation was more than one individual

Wits university sociology professor Eddie Webster agreed, saying it would be difficult but not impossible to replace Naidoo, despite the crucial role he had played in the organisation. "The future of the organisation depends on whether we can find anyone of his calibre."

However, the foundation had been laid and Nedlac was firmly established, he said. As a result, there was "no reason why its future should be jeopardised as institutions usually have their own momentum and survive individuals".

Congress of SA Trade Unions general secretary Mbazizima Shilowa said he regretted that Naidoo was leaving Nedlac. However, Nedlac's strength lay in the constituencies—business, government, labour and the community—which had created it.

Asked about criticism levelled by former Labour Minister Tito Mboveni at Nedlac's annual summit that the institution's negotiating committees tended to work in isolation from each other, Naidoo said there were extraordinary differences between business and labour.

"Over the years the gap had narrowed but there were still differences... because labour and business are natural adver-

saries. If there were no such differences you would not need Nedlac."

He admitted that running an institution like Nedlac needed a person with "special abilities", but said there was a generation of talented and experienced candidates from within and outside Nedlac who could easily fill his position.

Nedlac's executive council would meet on Friday to decide on how to fill the vacancy, he said.

Nedlac's future was secure and its foundation had been built, he said. It would always have a role to play in issues such as the presidential job summit, focusing on developments in the southern African region as well as revisiting legislation that had already been passed to see what could be improved.

Nedlac did not have to "fight for its right to exist", like it did in 1995 when it was first established and "has been a successful role model for how to conduct dialogue".

Naidoo was still giving thought to what his next step would be, but admitted that he had received a number of offers.

He would stay on until his replacement had been established and would also see the upcoming job summit to its completion.



Jayendra Naidoo, during an interview after resigning as executive director of the National Economic, Development and Labour Council

Picture ANDY KATZ

Cosatu rejects plan at last minute

Reneé Grawitzky

THE ratification of a social plan agreement in the National Economic, Development and Labour Council (Nedlac) has been delayed by six months after the Congress of SA Trade Unions (Cosatu) objected to a draft negotiated by a task team

This emerged following the Nedlac executive council meeting on Friday which was supposed to have ratified the agreement. The parties said however, that the plan would be finalised and unveiled at the presidential job summit next month

Sources close to the process said a draft social plan agreement, drafted by a Nedlac task team, was completed in March and thereafter presented to all the parties for final approval

At this late stage, Cosatu raised objections to the threshold level for retrenchments, whereby the provisions of the social plan would kick in. Cosatu argued that

DD 14/9/98 (132)
the provision in the draft social plan favoured large-scale retrenchments only

Another source said Cosatu argued that the plan was biased towards the mining industry.

The draft stated that the provisions of the social plan could be activated in the case of retrenchments in excess of 500 workers or 10% of the workforce, whichever is the greater

Labour representative Ebrahim Patel said the matter had not been discussed as the threshold level had not been finalised, nor what monies would be made available from government to finance the plan

Patel said agreement had yet to be reached on the size of the establishment which would be covered by the social plan. Would it only apply to fairly large employers, or would it be sensitive to all sectors of the economy, he asked

In an interesting development, the executive council failed to reach consensus regarding the ap-

plication for the registration of a statutory council for the printing, newspaper and packaging industry and has referred the matter to the labour minister.

Nedlac's demarcation standing committee considered the application, which was endorsed by business and labour. Cosatu undertook to revert back to the parties

Government said the application "technically complied with the Act" but expressed concerns regarding the industrial relations consequences. This application hits at the heart of a power play between the Paper, Printing, Wood and Allied Workers Union (Ppwawu), a Cosatu affiliate, and the SA Typographical Union (Satu), a Federation of Unions of SA (Fedusa) affiliate

Ppwawu has attempted to set up a bargaining council in this sector plus a number of related sectors. Satu made an application for a statutory council, with Ppwawu and the Chemical Workers Industrial Union objecting

NEDLAC

THE RUSTY TRIANGLE

(13a)

Would anyone miss it?

News that Jayendra Naidoo is to resign as executive director of the National Economic Development & Labour Council (Nedlac) in December prompts the question why keep Nedlac? Would anyone notice were it to disappear altogether?

Nedlac was formed as a statutory body in February 1995, based on the negotiating processes that began in 1990, particularly in the transitional National Economic Forum and the National Manpower Commission. It was billed as a "unique SA model of social dialogue" between business, labour and government, and later included community representatives in its deliberations.

The hope was that the council would "usher in a new era of inclusive decision-making and consensus-seeking in the economic arena"

This has scarcely been achieved. The "social partners" have been unable to reach common ground on the big issues —

the Labour Relations Act (LRA), basic conditions of employment, affirmative action, job creation, and, of course, the key one government's macro-economic strategy, Growth, Employment & Redistribution (Gear). Arguably, however, Nedlac does no harm.

Some believed Nedlac would be useful as a pre-parliamentary filter for new legislation. But aside from implying that the role of parliament would thus be reduced, if not usurped, this has not worked either. Parliament, quite rightly, does what it wants anyway. Look at the Employment Equity Act (yet to be promulgated), which went through tortuous debates in Nedlac, only to have Cosatu's proposed amendments to the portfolio committee on labour more or less accepted.

Nedlac churns out reams of reports and guidelines on various matters, but at what cost and value is open to question, says labour consultant Gavin Brown. For example, its code of good practice on shift work (prepared in terms of the LRA), reads like an under-

graduate industrial sociology essay. Employers are said to view it with contempt.

However, Anglo American Corp senior economic consultant Jim Buys, who is involved in Nedlac, says "We'd be poorer without it." He argues Nedlac has had successes — such as those on trade and industry matters and on competition policy, recently — and many failures. But those are to be expected in such organisations, given the economic and social circumstances of SA.

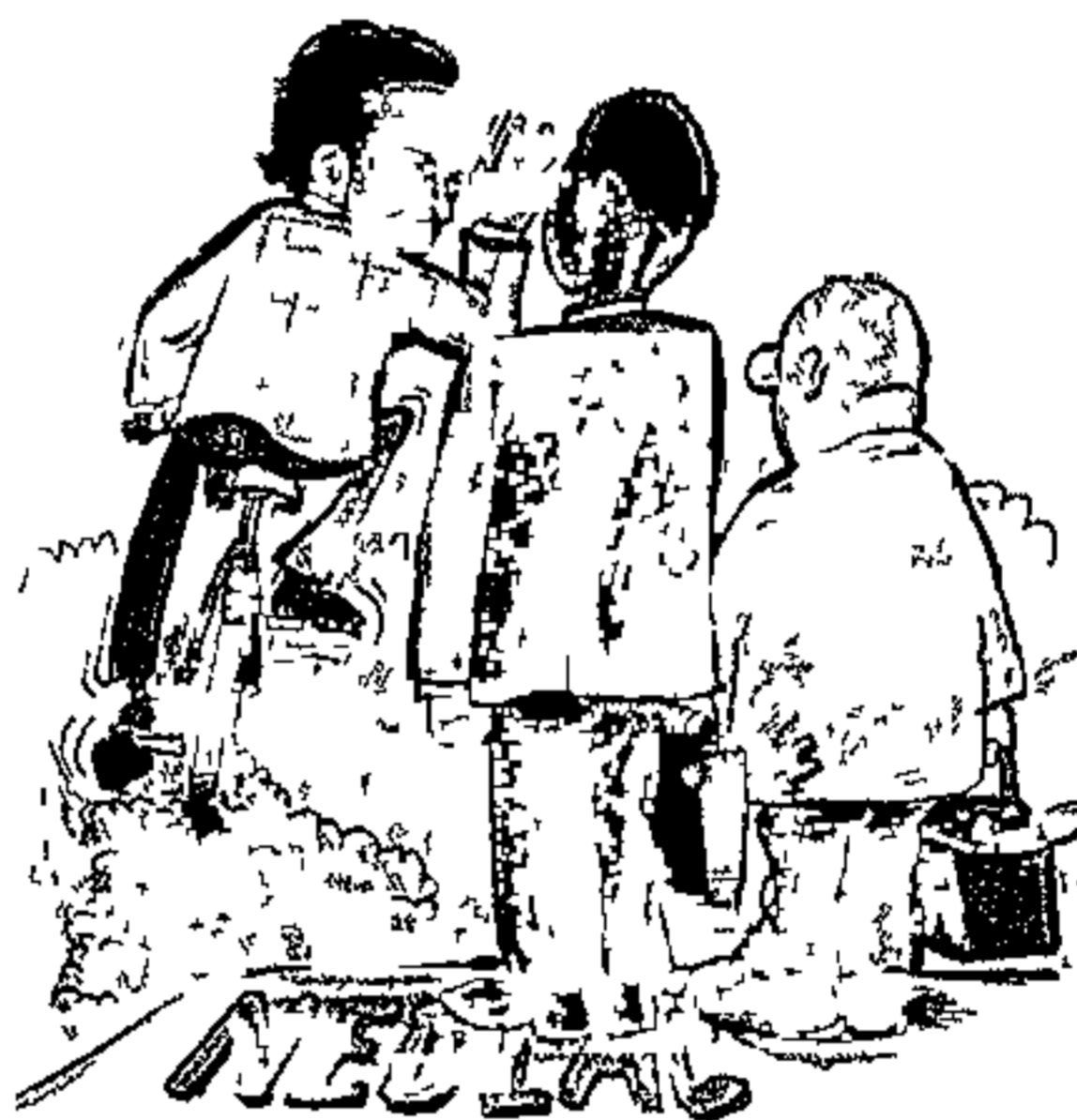
Naidoo says the council now has momentum and functions largely on its own, and that the social partners, including business and labour, will not allow Nedlac to close down. He says there has been far

less conflict and controversy in Nedlac in the past 12 months than in its earlier period. He declines to say whether his next "project" will be in the private or public sector.

Naidoo also dismisses claims that he was frustrated and that his departure signifies that Nedlac has reached a dead end.

Amarnath Singh

FM 18/9/98



Call for unions to stand together

By Mzwakhe Hlangani
Labour Reporter

(1998)

Sowetan 28/9/98

beginning a process of dealing with social and economic injustices.

THE deputy general secretary of the National Council of Trade Unions yesterday advocated full participation of all the federation's allied unions in the National Economic Development and Labour Council

Mr Mahlomola Skhosana said this would enhance its communication transaction with the Government

Addressing the fourth congress of the affiliated Metal and Electrical Workers Union of South Africa (Mewusa) in Johannesburg at the weekend, Skhosana said the labour movement faced major challenges, with the coming Presidential Job Summit

The conference was held to discuss possibilities of forming one union in the metal sector under the banner of Nactu A symposium on globalisation was also the main feature of the congress.

The federation's participation in the labour, business and government forum will strengthen the movement and advance the exchange of information between itself and the government, Skhosana said.

He appealed to more than 500 delegates to participate in Nactu committees and have a direct influence on decision-making in relation to jobs and government policies

"The Government has long extended its invitation for us to come forward but we

are running short of people prepared to take part in these committees," he said

International Metalworkers Federation executive member Mr Ekkie Esau commended the federation and the country's trade unions in general for adjusting themselves to changes taking place around them through globalisation.

"It is imperative that the trade unions form effective and strong unions to be able to circumvent globalisation's adverse effects

"The International Monetary Fund, World Bank and multi-national companies are bent on making sure the victories you've won after such long political and labour struggles are eroded

inefficiency so that they remain independent Also enable them to challenge anti-union laws," he said

Mewusa president Mr Russell Sabor said "at the heart of job creation is the conceptual framework of enhancing the quality of new jobs and improving the conditions of the most vulnerable and marginalised communities"

"Without that framework all is bound to flounder," he said

Calling for the reinvention of the trade unions, Sabor said tomorrow's institutions should be turned into educational cadres with vision and the ability to set social principles and eradicate poverty and unemployment





Thabo Mbeki his Gear is failing to move the job locomotive

THE TRIPARTITE ALLIANCE

In hospital, but still sitting up in bed

The forthcoming summit might produce more light than heat

The recent wave of attacks on the African National Congress by powerful elements within its SA Communist Party and Congress of SA Trade Unions allies will peak in two weeks

The tripartite alliance will probably hold its most important meeting before next year's election on the weekend of May 23-26 and the SACP and Cosatu are expected to deliver more stinging attacks on the ANC

But those who pass the time predicting the death of the alliance will be disappointed. As the 1999 election approaches, all three parties seem to be committing themselves seriously to the alliance, at least until next year.

However, that is cold comfort for the ANC, which will face a partnership that is increasingly dismissive of its macro-economic policy, its failure to create jobs and a perceived failure to transform large sectors of society, in particular the civil service.

"Cosatu is going to push hard for government and the ANC to define its attitude to and set a date for the Presidential Jobs Summit," says University of the Witwatersrand politics professor Tom Lodge.

The latest shove is the release last week of Cosatu's proposals for the jobs summit, which Lodge describes as "diametrically opposed" to the ANC's vision as outlined in

the Growth, Employment & Redistribution (Gear) strategy.

The release of Cosatu's document last week is the culmination of two years of a rocky relationship between the ruling party and its allies. The alliance summit, of which the forthcoming meeting is a follow-up, was started last year to iron out growing differences over macro-economic policy, restructuring of State enterprises and fears that the ANC has moved to the right politically and economically.

The ANC wants to ensure that persistent attacks by Cosatu and the SACP do not drive away support from the organisation as it intensifies the quest for a two-thirds majority.

Over the next year, the less critical the labour movement is, the higher the chances that its nearly 2m members will turn out at the polls for the ANC.

Aware of its might in this period, the Cosatu-SACP bloc is likely to seek the maximum of concessions from the ANC in return for a united face before the election.

But ANC secretary-general Kgalema Motlanthe says he is sure the summit will be candid and produce decisions that will strengthen the alliance.

SACP acting chairman Blade Nzimande says many of the issues will have been

discussed in advance and no divisions should be expected.

In preparation for the meeting, several ANC national executive committee members presented papers to the organisation's NEC meeting two weeks ago. Most of these are believed to be about getting the SACP and Cosatu to support the ANC's vision rather than backtracking on the party's line. The ANC is expected to defend its perceived failures on intransigence by a civil service loyal to the old order and cumbersome laws resulting from the Kempton

Park negotiations.

Commitment to Gear was reiterated at the ANC congress in December last year. The expected divisive debate on the issue was avoided through nimble footwork by the new crop of young ANC leaders who said the strategy was not cast in stone — yet it remained the cornerstone of ANC economic thinking.

Deputy President Thabo Mbeki and the pro-Gear coalition of young ANC leaders he leads have become the *bête noire* of the SACP-Cosatu faction.

They, too, acknowledge the existence of problems in the alliance, but it is unclear how much they are likely to back down on policies that are being hailed by investors and the international community.

In a Cosatu publication one-and-a-half years ago, Mbeki said "My own view is that we haven't worked out a set of political and strategic objectives that we need to achieve during this stage of the struggle."

"In the Eighties we said as a movement, make the country ungovernable, make apartheid unworkable. So somebody who sat in a civic organisation or in a trade union or a unit of MK could say that this is what I can do to realise this objective. People had a clear vision of where we are going so they could engage."

Cosatu's congress in September last year was appeased in much the same way despite delegates singing songs denigrating Gear. In the run-up to its congress next month, the SACP has tried to keep criticism of the ANC diplomatic. Whether it will come out more vocally depends on the outcome of the alliance summit.

But the lid cannot indefinitely be kept down on differences. In his report to the congress of the National Education, Health & Allied Workers' Union (Nehawu) two weeks ago, president Vusi Nhlapo said the

alliance's structures were weak and confusion was rife as the alliance had lost cohesion. Nehawu is one of the largest affiliates of Cosatu.

Echoing other unionists' concerns, Nhlapo said government had failed to provide jobs and the alliance had lacked a concrete political programme around which to unite society in transformation.

"One of the main concerns that has repeatedly been raised is the fear that the ANC is shifting to the right. While it may be difficult to prove the shift, there are discernible moments wherein the ANC has been seen to be bowing to pressure from global, national and internal neoliberal pressures," he said.

"What remains to be achieved by the new democracy is the creation of sustainable and secure jobs," Nhlapo said.

"Gear represents an attempt to impose a home-grown, neoliberal economic policy package on working people and the poor in our country. It is a structural adjustment programme of a special type."

Others within Cosatu have been far more vehement. One of the Chemical Workers' Industrial Union's firebrands, John Appolis, has called for the creation of a leftwing party that will remain true to the alliance's alleged socialist roots. His motion at the CWIU congress was defeated, but it is acknowledged that his voice represents a section in the unions and the SACP.

Another interesting development in the alliance is the decision by Cosatu not to field candidates on an ANC ticket for next year's election. In 1994 the federation released hundreds of its national and provincial leaders to stand for parliament and legislatures.

Though the leaders were elected on an ANC ticket, unionists' hopes that the MPs would represent a "labour bloc" in the legislatures were dashed.

Motlanthe says issues that will be discussed at the meeting include social transformation and the State's role in this, industrial and labour market policy, fiscal policy, rural development and economic policy.

"The problems are not insurmountable. With Gear, for example, the question of fiscal discipline is seen as the root cause. That is a false analysis because then you think the solution is relaxing your fiscal targets, when other issues are at play."

"What we will show is that part of the burden of leadership is to analyse our information correctly. We have to look at what has been achieved, the realities on the ground and the prospects for the future," he says.

But the main issue that the SACP and

Cosatu will fight over is jobs. The perceived foot-dragging by government to set a date for the jobs summit, with some Ministers saying it might even take place next year, will be attacked.

Lodge says Cosatu will argue the case vehemently, "but they will not make much headway out of this."

The federation's input to the jobs summit starts off by flinging these figures at government employment at its lowest point in 16 years, Gear predictions of 126 000 new jobs in 1996 and 252 000 in 1997 having not materialised and the formal sector losing 62 000 jobs in the first half of 1997. It says at an average 29,3%, "unemployment in SA is at crisis levels."

Cosatu's document proposes that macro-economic policies must be "predictable, achievable and generally acceptable to the public" and must encourage employment growth.

Policy must "ensure that the parameters of fiscal policy are consistent with employment creation and retention strategies" and "avoid imposing rigid and rapid deficit reduction targets which limit public expenditure and infrastructure development."

This flies in the face of Gear, which calls for strict adherence to deficit reduction targets.

Cosatu says the policy should create an environment conducive to boosting the productive capacity of the economy.

"Investment policy, both public and private, must play a pivotal role in any medium-term employment creation strategy. Job-creating investment must be productive investment. Speculative financial investments cannot play this role, and we need to ensure that the economy does not become dependent on it," it says.

It further calls for the establishment of capital controls that would "discourage unproductive, speculative investment and limit damaging capital outflows", and it wants lower interest rates.

Lodge says the rash of attacks on the ANC is par for the course. "These things do get said before summits, but mostly do not signify much."

He believes, however, that the attacks on Gear must be striking a chord.

Motlanthe says Cosatu's decision not to field candidates as a bloc in next year's election is well thought-out.

"They are saying they will not go through the internal process of selecting. Previous experience of bloc nominees created false expectations that comrades would be Cosatu shop stewards in parliament," he says.

Motlanthe says he is sure the alliance meeting will produce more light than heat.

Justice Malala

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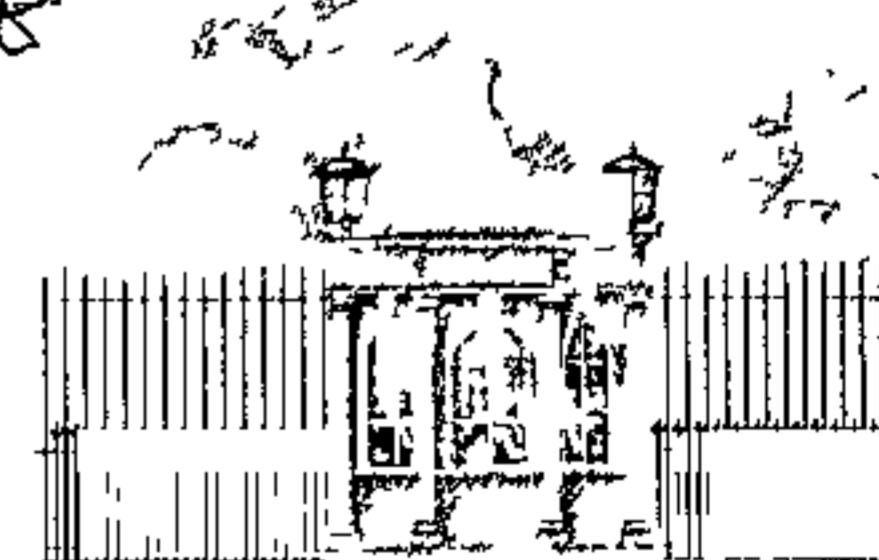
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Nedlac still has major role in forming policy

John Dlodlu

BO 14/5/98

THE National Economic, Development and Labour Council (Nedlac) still had a crucial role to play in policy formulation in SA, said Jayendra Naidoo, Nedlac's executive director.

Naidoo also said ahead of Nedlac's third annual summit meeting in Midrand on Saturday that in his opinion the body, which replaced the now defunct National Economic Forum and Manpower Commission, was not slowing down the process of policy formulation in SA as some observers believed.

"History will show that 10 weeks in negotiating the Labour Relations Act was fantastically quick in international terms," he said, referring to one of the most crucial pieces of labour law to have come from the Nedlac process.

Some observers believe government is realising that "social partnership", the basic tenet of Nedlac, is an impediment to effective governance.

Naidoo also said Nedlac's relationship with Parliament had improved.

"We are interacting more now (with Parliament)," he said.

The meeting, to be addressed by Deputy President Thabo Mbeki, provides business, labour and government an opportunity to assess Nedlac's performance.

It also allows constituency leaders to identify priority areas for the year.

The process of identifying priorities would be assisted by eight commissions dealing with a range of issues.

Issues to be tackled included globalisation, the impact of public sector restructuring on economic development, the role of

(132)
collective bargaining in equity and efficiency in the workplace, and the role of technology in the economy.

Apart from addresses by leaders of the constituencies, Naidoo is expected to deliver his report to the summit.

Naidoo said the commissions' input would be fed to Nedlac beyond the summit.

The impact of Nedlac, as a consultative way to thrashing out policy formulation, was starting to show in the thinking of other countries in the Southern African Development Community (SADC).

SA's institutionalised way of conflict resolution had attracted interest from fellow SADC countries, Naidoo said.

Nedlac had made a reasonable contribution to structurally reforming the country, and it had played an important role in the country's smooth transformation.

IPM says skills matter most

FRANK NXUMALO

Johannesburg — Affirmative action could be used effectively to transform organisations if only people with the requisite skills or at least those with potential were appointed during these processes, the Institute of People Management (IPM) said yesterday.

More than other programmes, career pathing for affirmative action appointees had to be more focused, progress monitored and regular appraisals made.

The IPM said it had used affirmative action successfully to transform its central office in Johannesburg to 70 percent black personnel in a very short time.

"For affirmative action not to be a disaster, only people with competent skills should be appointed. People who feel they are not ready should not accept the appointments," said Pat Gamede, the executive director.

"Four years ago, the IPM was a lily-white organisation, today black membership is on the increase ... (and it) bears testimony to the fact that an organisation can be effectively transformed."

He said it was the acceptance of the philosophy of participative management that had made the transformation successful

Jobs 'to dominate Nedlac summit'

LYNDA LOXTON

PARLIAMENTARY CORRESPONDENT

Cape Town — The pending jobs summit and progress by different parties in reaching consensus agreements were expected to dominate the third annual summit of Nedlac this weekend, Jayendra Naidoo, the executive director, said yesterday

Naidoo said he had been concerned about the sometimes conflicting views on the jobs summit that had emerged so far. He warned that South Africa had only limited time to hold the summit and it had to be of real value.

Asked how he viewed the progress to date in Nedlac, which represents business, government, labour and community groups, Naidoo said: "We have made reasonable (headway) in a short space of time on structural reform .. It compares well with other post-independence situations."

Although much more could have been achieved to reach consensus between the different parties in some areas, "the contribution of the Nedlac process is a very important factor in having a transition that we will look back on as having been relatively

smooth", Naidoo said.

He described the relationship between labour, business and government as "fascinating" because the different groups in each camp had to come up with unified positions on various issues. This had involved a lot of give and take on behalf of all parties concerned.

Last year Nedlac's most contentious issue had been the Basic Conditions of Employment Bill. So far this year it had been the Employment Equity Bill, although Naidoo said disagreements were not as deep as feared.

"I am sure that one of the contributing factors has been that there is a greater understanding," he said.

This was reflected in the fact that no application had yet been made in terms of Section 77 of the Labour Relations Act to organise stayaways about the bill.

Even where such applications had been made — on the gold mining and education crises — they had not led to nationwide stoppages.

This perhaps indicated that South Africa was undergoing a relatively stable transition period, Naidoo said.

(132) (132)

PARLIAMENTARY CORRESPONDENT



Tortoise and hare learn how to waltz

(132) M+G 15-21/5/98

**David Lewis
and Jayendra Naidoo**

South Africa has chosen a path of social dialogue — but is it working? Social dialogue reflects the unique national pressures and circumstances of a state making a transition to democracy and introducing far-reaching economic reforms

A social partnership that is associated with a reduction in inequalities of wealth, income and opportunity, however, will not be constructed overnight — it requires the development of mutual trust and a shared vision, and cannot be equated with the eradication of conflict

However, it is precisely the depth of division and the concomitant potential for conflict that renders social dialogue indispensable to democracy in South Africa

The system has been criticised for being too cumbersome and time-consuming and undermining the ability of the government to deliver timeously on its commitments

Critics say policy cannot be effectively formulated through a collective bargaining-type process, that the National Economic Development and Labour Council (Nedlac) undermines the sovereignty of Parliament, and a system dominated by a powerful national institution like Nedlac stifles local initiatives and

duplicates the functions of specialised sectoral multi-partite bodies like, for example, the National Training Board

Nedlac represents one of the most comprehensive and formalised systems of consensual policy-making found anywhere in the world, and this in a country emerging from a recent past characterised by, if anything, an absence of dialogue between state and society as well as by continuing social and economic cleavages

Worldwide there has been a weakening of some of the most advanced and stable systems of social corporatism, and South Africa, in constructing a system of social partnership, has been rowing against an international tide. Even locally, there has been some questioning of its efficacy and desirability. In responding to these criticisms it is imperative that the system does not develop a rules-bound, bureaucratised culture, there is a "tortoise versus hare" analogy at issue here. And Nedlac should not seek to monopolise interactions between the social partners

While Nedlac lays no claim to Parliament's sovereign status, Parliament should be wary of overturning an agreement forged through the social-partnership process — not, as is commonly portrayed, for fear of offending a powerful interest, but rather out of re-



Nedlac man: Executive director Jayendra Naidoo.
PHOTOGRAPH: HENNER FRANKENFELD

gard for the more nuanced and detailed information that social partnership interactions are capable of generating and processing

The commitment of business, labour and government to continued participation in social partnership remains strong. This claim is, to some extent, belied by the bellicose rhetoric and, occasionally, action that emanates from labour and business, and by the frustrations of top government officials

Continued commitment to social partnership will be significantly influenced by perceptions of its impact

on the process of economic policy formulation and on the consequences (for economic growth and equality) of those policies. The sustainability of social corporatism ultimately rests upon its economic performance

Major strides have been made in introducing micro and sectoral issues on to Nedlac's agenda, which reflects a widespread acceptance that the economy is going through a period of deep adjustment

Social partnership is an implicit shared vision. Sustainable redistribution rests on rapid economic

growth and sustained growth rests on more egalitarian outcomes. It has become commonplace to "justify" social dialogue by referring to its ability to consolidate democracy. Much weight is given to the quality of information flows this state-society interaction generates and to the importance of achieving "buy-in" from major interest groups if far-reaching policy reforms are to take root

This immediately brings us face-to-face with the argument that social corporatism privileges the organised, who conspire with each other to the detriment of those outside the privileged "golden triangle" of business, labour and government. Cognisant of this, Nedlac has included representation from a fourth constituency — the community

Even in the absence of a Nedlac, interaction between concerned social groups and individuals and the government will continue, but the interactions will be less transparent than that afforded by a formalised or accountable structure. Social dialogue entrenches the need for transparent dialogue and stability in an infant democracy

David Lewis is director of the development policy research unit at the University of Cape Town, and Jayendra Naidoo is executive director of Nedlac

Nedlac's role under spotlight at summit

(132)

FRANK NXUMALO

Johannesburg — This year's Nedlac summit, the last before the elections next year, would evaluate whether the institution had managed to create an effective machinery for consensus-building among organised stakeholders — the government, business and labour — Jayendra Naidoo, the Nedlac executive director, said yesterday.

The summit is scheduled for tomorrow

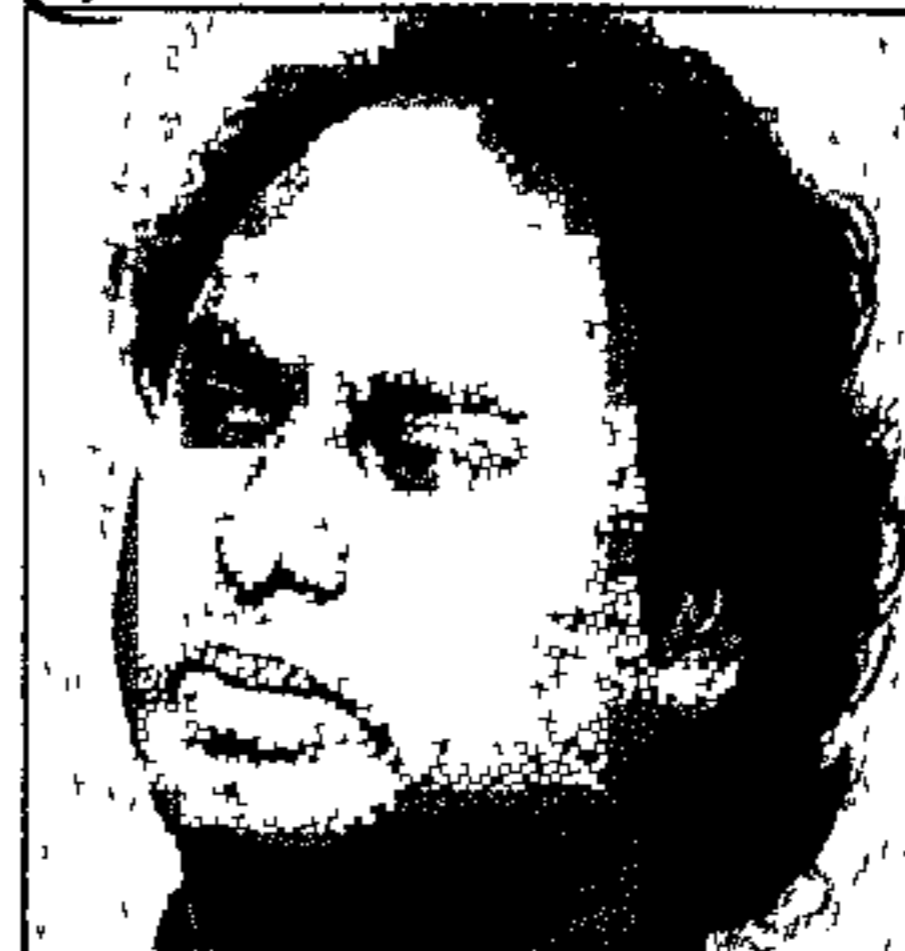
"It is the last summit before the country is engaged in election mode and it is appropriate to evaluate the contribution of Nedlac to transformation and socio-economic issues

"Last year it was still too early, this is the right time. Enough water has flowed under the bridge to enable us to have the material to evaluate Nedlac's contribution and its future prospects."

The summit will be the third since the founding of the organisation in 1995. It was launched after promulgation of the department of labour's Nedlac Act, the first of Minister of Labour Tito Mboweni's bills.

The act established tripartite negotiation chambers, including the Labour Market Chamber, which was instrumental in the passing of the rest of the Mboweni bills. These include the Labour Relations Act (LRA), the Basic Conditions of Employment Act, the Skills Development Bill and the Employment Equity Bill.

Naidoo said although Nedlac's first summit, in 1996, was characterised by "serious strains that had developed around the LRA", the Nedlac partners were able to identify which areas needed to be addressed to improve the quality of negotiations.



PENSIVE Jayendra Naidoo prepares to assess Nedlac's contribution

PHOTO: J.C. IN WOODROOF
CT (BR) 15/5/98

The summit's report was a "carefully co-ordinated declaration" in which the speeches that were made were "quite disciplined, even though underneath there was a lot of heat that had come into the negotiations"

Naidoo said at last year's summit the contradictions between the Nedlac parties burst into the open, in part because of the approach of the government to the Gear policy, and all the speakers had strong opinions on this.

"It was clear in the second summit (1997) that the Nedlac process had been unable to bring about a meaningful dialogue on macroeconomic issues and how to implement them."

Naidoo said it was still premature to say what the unemployed could realistically expect from the forthcoming jobs summit.

"From a Nedlac perspective, the Nedlac process should assist the government and parties to find consensus on employment-creation strategies, (but) in order to be able to do that you need some mechanisms to develop concrete proposals.

"So far I don't think we have developed such effective mechanisms," said Naidoo.

Nedlac ... the search for consensus

By Jennifer Wilson

TOMORROW is the third annual national summit of the National Economic Development and Labour Council (Nedlac), the forum where Government business, labour and the organised community come together to seek consensus on social, economic and labour policy.

According to the Nedlac Act, passed by Parliament in 1994, Nedlac must have a national summit every year in order to report on and consider its activities, and receive direction for the year ahead.

The occasion provides an opportunity to look back at what Nedlac has achieved over the past three years, and assess where the institution is going.

How does one assess the achievements of an organisation such as Nedlac? Does one go by the number of agreements achieved?

Or should it be measured by the degree to which it manages to cultivate a "culture of discussion" where difficult and contentious issues can be discussed, even if this means exposing areas of conflict?

Nedlac's overall objectives are

- To strive to promote the goals of economic growth, participation in economic decision-making and social equity – in short, growth, equity and participation

- To seek consensus and conclude agreements on matters pertaining to social and economic policy

- To consider all proposed labour legislation before it is introduced in Parliament

- To encourage and promote the formulation of coordinated policy on social and economic matters

During an internal assessment of Nedlac's work earlier this year, participants agreed that Nedlac often reflected the deep differences that existed in society and that the above objectives were no easy task.

The consensus-seeking process needs attention to detail, and participants beyond "feel-good" type of broad statements. It exposes

features, however, there remains a commitment to the process.

John Gomomo, president of the Congress of South African Trade Unions (Cosatu), once said "The Nedlac constituencies come together not because a law was passed which says they will, but because they all feel they can gain more by negotiating, and they all feel they will lose more by not negotiating."

Overall business convenor in Nedlac, Raymond Parsons, said recently "If Nedlac had not existed it would have had to be invented." Nedlac is no cosy club but it has managed to achieve a number of small victories.

Nedlac is unique. There is no institution quite like Nedlac anywhere else in the world.

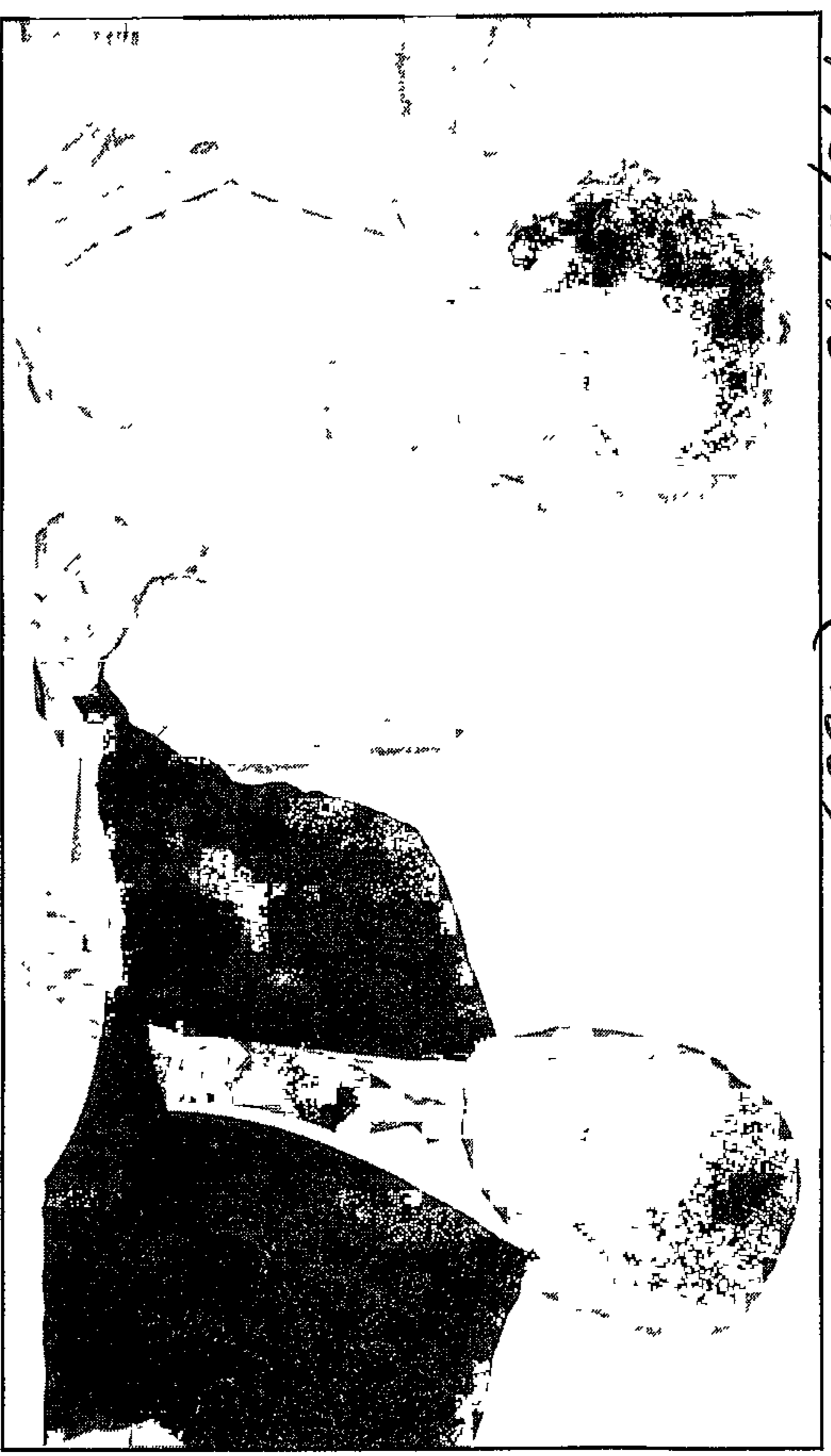
It is made up of representatives of organised business (Business South Africa and the National African Federated Chamber of Commerce), representatives of organised labour (Cosatu, Federated Unions of South Africa and National Council of Trade Unions), representatives of the state (the departments of labour, trade and industry, finance and public works) and representatives of organisations representing community and development interests (women, rural, civics, people with disabilities and youth).

It undertakes work under the banner of four main chambers: the labour market, trade and industry, public finance and monetary policy, and development.

Nedlac's history goes way back before the 1994 elections. In the late '80s and early '90s, there were three parallel processes under way.

On the political front we had talks at the Convention for a Democratic South Africa, which began operating in 1992. On the social front we had the signing of the National Peace Accord in 1991, and the structures that flowed out of that.

On the economic front, a process of talks between government, labour and business culminated in the formation of the National Economic Forum in October 1992. Prior to that there had been the



Flashback ... Nedlac executive director Jayendra Naidoo and Public Works Minister Jeff Radebe at a job creation programme focus day in Kaitlhomg.

National Manpower Commission (NMC), so that it could operate more democratically.

An important agreement was that no future labour law would go to Parliament unless both business and the unions had had an opportunity to consider it in the NMC.

Other significant achievements of these forums included a guideline on retrenchments, an agreed framework on foreign direct investment, and South Africa's offer on tariffs to the world trade body, the General Agreement on Trade and Tariffs.

These pre-election experiments around social dialogue, although not totally successful, were enough to convince the new government of the need to build a longer term and sustainable mechanism for social dialogue.

This mechanism was launched by President Nelson Mandela in February 1995 as Nedlac. To the "person in the tribulation has most probably been in helping to create a stable labour market. On a different level, the past three years have been "transformation years" and Nedlac has played an important role in the policy-making process.

It has been drawn into virtually all areas of policy debate and disagreement through the application of Section 77 of the Labour Relations Act (LRA), which requires notification of and consideration at Nedlac level before socio-economic protest action is taken.

Apart from the process around the Basic Conditions of Employment Act, in most cases solutions have either been found or processes put in place.

In the area of labour relations, the contribution towards the new LRA, negotiating codes of good practice on picketing and retrenchments, legislation to boost skills development and employment equity legislation have

tomorrow. (The writer is a Nedlac spokes-

'Collective bargaining needs to be strengthened'

18/5/98
John Dlodlu

COLLECTIVE bargaining needed to be strengthened, an international trade unionist said at the weekend.

Phillip Jennings, of the Geneva-based Fiet, a 12-million strong union federation of private service employees, warned of a future battle if an individualistic approach to bargaining were to replace a collective mode.

"I don't think that's the way to go for labour relations in SA," he told journalists after the conclusion of meetings by commissions at Saturday's summit of the National Economic, Development and Labour Council (Nedlac).

He said there were frustrations among delegates to the commission on collective bargaining that the good intentions and work of the Labour Relations Act needed to be consolidated.

Jennings was defensive of Nedlac's continued role in SA's transformation, saying that Parliament should not be nervous of Nedlac's advisory function.

"I think modern democracies require a place where labour, business and government can meet and exchange ideas and new approaches of developing local economies," he said.

Mfundo Nkuhlu, the chief director for Africa trade relations at the SA trade department, said delegates had agreed on the need for an integrated development strategy in southern Africa.

"There is some acceptance of the vision that regional integration is the way to go for effective participation ... in the global economy," he said, pointing out that Trade Minister Alec Erwin had confirmed that SA would be tabling a market-access offer to its regional partners in July.

Nedlac under scrutiny

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20 18/5/98
John Dlodlu

THE National Economic, Development and Labour Council came under harsh scrutiny at the weekend, with Nedlac's role players admitting weaknesses in the statutory agreement-making body.

However, Nedlac's annual summit, opened by President Nelson Mandela, was characterised by what observers saw as mature and constructive criticism.

But labour and community interests would not pass up the opportunity to criticise government's macroeconomic plan.

Fadila Lagadien, leader of community interests at Nedlac, called on government to "review its obstructionist position of not contributing towards the skills development levy".

Labour Minister Tito Mboweni said on government's behalf that although Nedlac had certainly promoted participation in economic decision making, the body had failed so far to assist in closely aligning macro-economic, industrial and labour market policies

for employment growth.

In fact, Mboweni said, there was a tendency for the various chambers, Nedlac's negotiating committees, to "work in relative isolation from each other".

Jayendra Naidoo, executive director at Nedlac, pointed out some failings of the Nedlac process.

"These included failure to create a 'common vision' among its many partners.

"We do not have a 'social partnership' yet; rather we engage in 'social dialogue'," he said.

Social issues

Many important social issues which affect the quality of life of South Africans, including land reform, social welfare and education, had yet to be addressed in Nedlac.

The public finance chamber nearly collapsed, thanks to the debate over whether government's macroeconomic strategy, Gear, was negotiable or not and the extent to which macroeconomic policy could be subject to negotiation.

However, Naidoo reported that the chamber had been resuscitated to deal with, among others, state expenditure, monetary policy, government revenue and fiscal policy.

Mboweni, although generally appreciative of other partners' contributions, challenged them to be accountable for their undertakings and consequences of actions. "If government is to table its budget for discussion, why do trade unions not discuss the implication of their bargaining strategies and why do employers not need to present their pricing and investment policies which, after all, have an equally important effect on general economic performance?"

The planned jobs summit would test Nedlac's credibility. "Can the social partners stretch towards a national goal — including ... going beyond their sectional interests," he said.

Only labour had so far tabled its proposals, although Mboweni said government's thoughts would be unveiled next month for public comment.

Gold Fields of South Africa Limited

(Registration number 05/04181/06)
(Incorporated in the Republic of South Africa)
("GFSA")

New Wits Limited
(Registration number 05/04822/06)
(Incorporated in the Republic of South Africa)
("New Wits")

Vogelstruisbult Metal Holdings Limited
(Registration number 05/04348/06)
(Incorporated in the Republic of South Africa)
("Vogels")

(collectively "the Companies")

Cautionary announcement

Shareholders of the Companies are referred to the cautionary announcement, appearing elsewhere in this publication, regarding the proposed Driefontein Consolidated Limited joint venture and are advised that the boards of directors of the Companies are considering various restructuring alternatives to unlock shareholder value in the Companies. These alternatives may include, inter alia, the unbundling or disposal of assets of the Companies or entering into arrangements with appropriate partners.

Shareholders are accordingly advised to exercise caution in dealing in their shares in the Companies until a further announcement is made.

Johannesburg
15 May 1998

Merchant banks



Standard Corporate

Sponsoring broker



Standard Equities

Mboweni: Nedlac on track?

By Tito Mboweni

JUST over four years ago, democracy was finally achieved in South Africa. One of the first tasks of the new parliament was to pass the National Economic Development and Labour Council Act, which established Nedlac.

This was a major development for our country in the quest to promote social dialogue among key stakeholders in our society.

This institution was deliberately designed to provide nationally organised constituencies with a framework within which to "strive to promote the goals of economic growth, participation in economic decision-making and social equity".

This goal was to be achieved by seeking consensus on social and economic policy before such policy was finalised by Government or, in the case of labour laws, before submission to Parliament.

How far have we come? Has Nedlac promoted economic growth? This is both the most illusive and yet the most critical of the indicators.

While Nedlac as an institution could not directly ensure higher rates of economic growth and economic development, we are convinced that by promoting social dialogue and consensus on many economic and social issues, it has contributed indirectly to the growth in confidence in the economy.

Encouraging

Although there has not been a simple climb towards the six percent rate of economic growth as we had hoped, the projected growth for the end of next year is both positive and encouraging.

Yet economic growth on its own is not a necessary and sufficient condition for development.

Tackling unemployment and poverty is an important variable in the equation for national development.

The Comprehensive Labour Market Commission, back in June 1996, specifically identified the need to ensure that

macroeconomic policies, industry policies and labour-market policies work together for employment growth.

Has Nedlac helped to achieve this objective? Not yet – it is clear that there has been a tendency for the various chambers to work in relative isolation from each other.

Two important national gatherings will take place in the next two months or so. The first is the conference on poverty, and the second is the Presidential Jobs Summit.

We are convinced that, if properly handled, both gatherings could make substantial contributions towards alleviating poverty and unemployment.

At the Jobs Summit, in particular, employers, the trade union movement and Government will meet to hammer into shape a common strategy to attack the problem of unemployment.

This common strategy should be based on the alignment of existing initiatives and the introduction of new ones. The groundwork for the Summit has been laid by the parties to Nedlac and others.

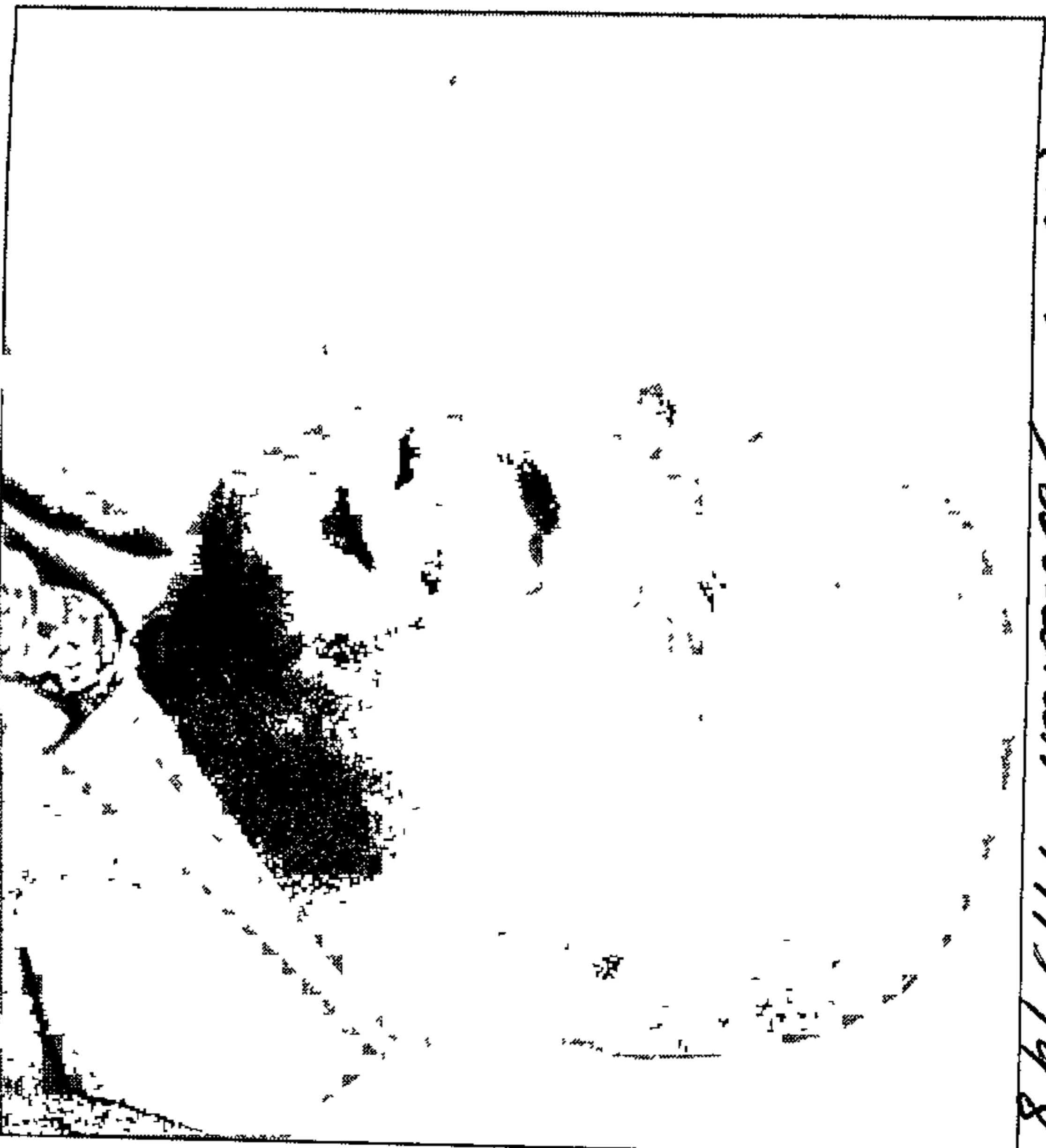
Frankly speaking, the credibility of Nedlac will be tested by the calibre of its contribution to the summit. Can social partners stretch towards a national goal – including, but also going beyond, their sectional interests?

Government will be publishing its plan at the beginning of June and the public will be invited to consider their response so that we can all benefit from this in finalising our inputs to the summit.

It is an opportunity for Nedlac, in particular, to rise to new heights and demonstrate to all and sundry that it can provide a forum in which the "greater good" can triumph over sectional interests and ideological differences.

There are a range of optimistic signs that augur well for the Jobs Summit – not least of all the spirit in which the recent negotiations on the Skills Development and Employment Equity Bills were concluded.

In both instances, employers and unions accepted the end objective and



Labour Minister Tito Mboweni at the Nedlac summit in Midrand on Saturday.

found ways to achieve common cause (albeit with reservations) on the method of achieving that objective.

The undertaking from employers to support a levy equivalent to one percent of the payroll for skills development – and the willingness of the union movement to accept this level as a starting point – is also a powerful signal that Government, labour, business and community organisations are prepared to make a real and meaningful contribution to solving South Africa's problems.

Has Nedlac promoted participation in economic decision-making? Certainly. It has contributed to the credibility and legitimacy of labour legislation and has promoted debates on economic, social and developmental issues.

The list of agreements over the four years is remarkable.

And even where there has been no agreement on all aspects of policy tabled, the process of negotiations and consultations has facilitated wide-ranging information dissemination, debate and education on issues around policy and legislation, thereby laying the groundwork for better implementation.

Adversarialism

At times we have tended to dramatise areas where we are not yet finding common ground and this has been expressed through extreme forms of adversarialism and rank posturing.

To the extent that this is true, it is important that we do not make mountains out of molehills. However, there is evidence that new trends, to which Nedlac is contributing, are beginning to

emerge. For example, work done by the Social Plan task team in Nedlac provided an important input into the declaration signed by all participants at the Gold Mining Summit convened by the National Union of Mineworkers in February.

The fact that NUM was frustrated by the pace of events and took a parallel initiative in no way detracts from the role of Nedlac.

Cabinet has now approved the Nedlac Framework Agreement on the Social Plan that will, in turn, assist the mining industry and other sectors.

The final question is: Has Nedlac promoted improvements in social equity? Many of the Bills, International Labour Organisation (ILO) Convention ratifications and codes of conduct passed by Nedlac have had this as their explicit objective.

The formal legislative framework for greater equity would appear to be almost in place – ratification of ILO conventions on the abolition of forced labour, discrimination, part-time work and freedom of association are important in that regard.

The challenge for Nedlac in the period that lies ahead is how Nedlac members can assist in ensuring that the partnership established at policy level is translated into real improvements in the lives of ordinary people.

Enforcement of rights and obligations is partially a formal process of litigation and punishment – but is much more effective when it does not depend exclusively on punitive measures.

Shop stewards and managers on the front line need to actively participate in the implementation of agreements reached.

We have created a vibrant and living organisation in Nedlac, which has made remarkable progress in its short history.

New challenges lie ahead and it will have to change and adapt along with the society in which it is embedded. (This is an edited version of Labour Minister Tito Mboweni's address to the Nedlac summit in Midrand on Saturday.)

Workers' rights: pressure builds

(137) *Sevelan 21/5/98*

GENEVA - Developing countries who attended the 50th anniversary celebrations of the multilateral trading system, were coming under increasing pressure to accept a discussion on workers' rights, labour groups and trade officials said yesterday.

Asian and other developing nations have long resisted a trade-labour link, fearing that such a connection will be used for protectionist purposes by both the United States and the European Union.

But trade officials and labour activists attending the ministerial meeting of the World Trade Organisation (WTO) said the agency would find it difficult to escape discussions on the issue.

In speeches made at the WTO talks, world leaders, including South African President Nelson Mandela, US president Bill Clinton and British prime minister Tony Blair, made it clear that a discussion on labour rights must be part of the global trade agenda.

"Governments are beginning to see that improving the observance of core labour standards and enhanced cooperation between the WTO and the International Labour Organisation strengthens the confidence of ordinary people in the open trade system," said general secretary of the International Confederation of Trade Unions Bill Jordan.

Mandela, who spoke to the WTO on Tuesday, said developing nations must not refuse a discussion on labour standards and social issues as part of a frank and open dialogue on trade.

Clinton also told the WTO meeting that the WTO and international labour must work together to "make certain that open trade lifts living conditions", adding that respect for core labour standards was an essential part of human rights.

Blair warned that discussions on labour standards must not become a barrier to trade - *Sapa-DPA*

Hearings disclose Dorbyl's 'racist past'

Mzwandile Jacks

INDUSTRIAL holding company Dorbyl has released a report by independent commissioners appointed to conduct internal truth commission-style hearings and expose the group's past to public and employee scrutiny

The report identified past racism as a factor which continued to have a negative effect on staff morale. It also showed a lack of trust of management — some branches did not make submissions, which the commission attributed to a fear of victimisation

Many of the complaints heard by the commission related to alleged unfair labour practices, such as training opportunities being reserved for

(132) (132) BD 28/5/98
whites, a lack of job descriptions and adverse working conditions. The commissioners said they were unable to put forward a comprehensive view of management as few made submissions. Most who did were black and their submissions indicated "a strong perception of racism and doubt about their future in the organisation".

Dorbyl CE Bill Cooper, who joined the company in 1994, said the process of conducting hearings showed aspects of the group's past of which present senior management was unaware

"We also learnt that practices of the past were still rampant in some Dorbyl operations," Cooper said

Dorbyl appointed eight commissioners two years ago to help the group

"leave behind issues of the past".

As a result, the group is in the process of establishing a body that will debate and develop new corporate policy.

The convenor of Dorbyl's transformation process, Ketan Lakhani, said he found most employees open to change "We convinced people that the commission was not a witchhunt but an effort to make the company more productive," he said.

Dorbyl's move was lauded by the truth commission and the National Union of Metalworkers of SA, which said it welcomed any initiative to redress imbalances of the past as long as they were done in "good faith"

Business and politics: Page 19

Preparing a new social contract

CT 5/1/98
(13a)

GEORGE ELLIS

THIS country has behind it an extraordinary achievement — the peaceful transition to democracy enabled by reconciliatory attitudes and actions throughout society. However, we have not yet achieved the economic and social miracle that is also necessary and lack sufficient capacity to implement a policy cost-effectively. The basic needs of a large part of the population are still not being met while some sectors of our society are accruing major gains in wealth without sharing it with others, who are in dire poverty.

In response to this situation, there is a temptation to succumb to short-term expediency that will destroy our long-term objectives. The real need is a value-based society. The proposal here is for a campaign to get all sectors of the country behind a new social contract to enable us to meet the interrelated set of crises that face us, based on a commitment to work together for the common good. Instead of each simply looking after themselves. This can be expressed in the overall theme: we care about each other. Its development should focus on four areas where practical policies urgently need to be developed.

First, it is essential that ways be found to open up opportunities for all to make an honest livelihood. International experience shows that a tempered market economy is the best way to achieve sustainable growth, but it takes time to get there. In the meantime, one of the bigger crises is the tremendous level of unemployment and lack of income. At present we see the unions fighting hard for revised work conditions that will lead to even greater unemployment, with

business going full speed for greater mechanisation and the government standing by and watching it happen.

It seems that none of them — including the unions — cares about unemployment, for their present actions will increase it. Each sector is fighting for their own benefit at the expense of others. We need a transition to a spirit of caring for others: the traditional African view of *ubuntu*. We are all people who are important.

This requires a real change of attitude so that the sectional interests are put aside and replaced by a common determination to increase employment and other avenues of wealth-creation as rapidly as possible, accompanied by a commitment of those who obtain employment to a work ethic that takes seriously the responsibility of getting the job done well.

Every way of increasing productivity must be used, a well-organised public works programme, substantial community food-growing schemes, major projects to promote informal-sector and small-scale formal employment. People in employment should be willing to settle for a reasonable salary, instead of demanding the outrageously large amounts now being given to many commissioners, consultants, and others. Those well-off could assist those much worse off through a communally adminis-

tered development and welfare fund.

Essential is a commitment from business and the financial world to end their "investment strike" and proceed with major investments. On the township side, communities must give up power struggles and work together so that agreement can be reached in the Reconstruction and Development Programme forums and the show can get on the road. We also need a "Buy South African" campaign — a commitment to support local producers and so create employment here, accompanied by a commitment to provide quality and value.

Second, it is essential to tackle the problems of crime and the associated social climate that sanctions violence. The need is for communities to band together to create a climate that programs loudly that crime and violence are unacceptable. Practical steps must be taken to deal with crime in townships, city centres, on public transport and on farms, with police/community co-operation enhanced in all communities. Police and criminal justice employees' conditions of service and pay must be improved urgently, with the workings of the justice system altered to a balance that favours the victim rather than the criminal. It is urgent to crack down on the channels that enable criminals to profit from crime, for

example enabling car hijackers to export or register hijacked cars. If the present police force is unable to deal with this issue, for whatever reason, then outsiders must be brought in to track down those responsible.

Part of the problem is the climate of fear and lack of trust that the crime wave engenders. We need to work positively on this, too. An example is that many people are now afraid to employ gardeners or casual workmen because of incidents of violence that have taken place in the past. Communities could form employment associations with a screening process enabling employers to find workers through them without fear of physical danger.

Third, we need a constructive approach to community building and the creation of effective institutions, rejecting the easy option of destructive criticism and blaming attitudes. We must get on with the job, creating opportunities, getting rid of bottlenecks and putting in place institutions that are enabling and that work. Essential is to develop a culture of delivery: responsibility as well as rights.

We must require that people in all sectors of our society do adequately what they are appointed to do, and be called to account if they fail. Fourth, it is crucial that the longer term future of this country depends on quality education at all levels from pre-primary to postgraduate. It is a tragedy when an education department apparently does not believe in quality education, paying out huge sums of money to retrench many of the best teachers, and resisting efforts by schools to ensure they are in a position to provide quality education (I refer specifically to the Grove School court

action and the education department's response). We need an attitude that values and cherishes good teachers and quality education.

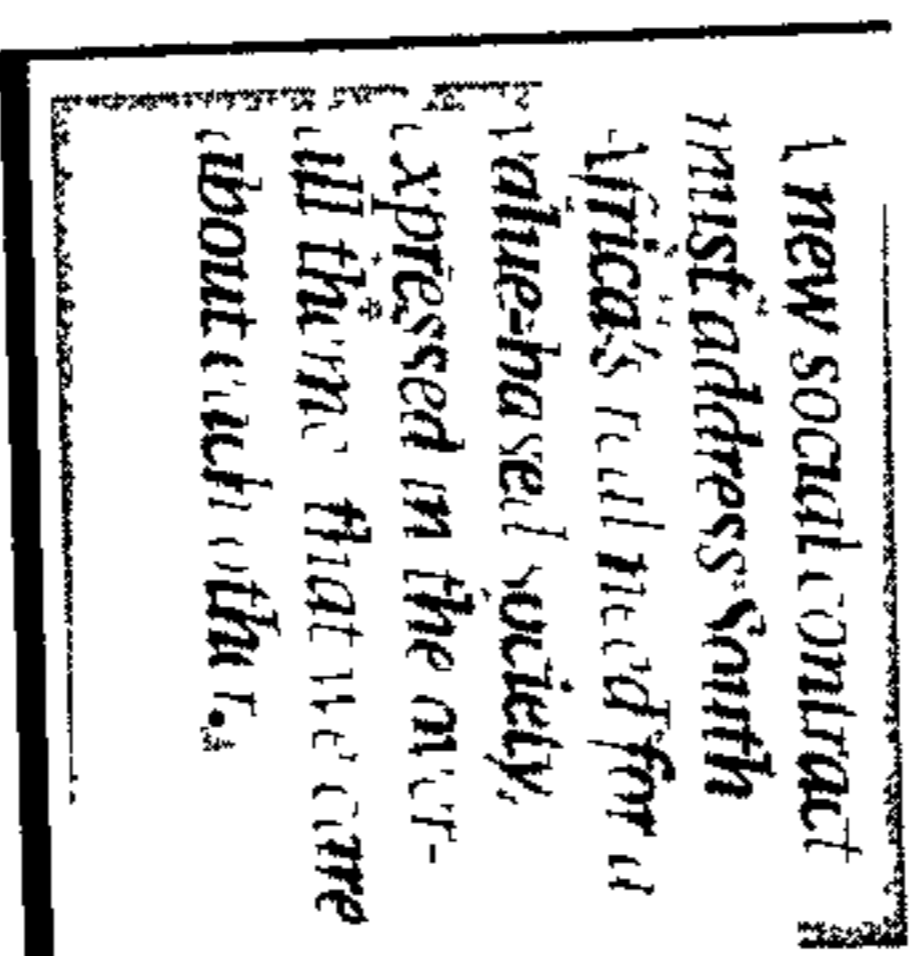
These themes are to a large extent what the RDP and the Masakhane programme already have as their aims. They need to be worked out in detailed action plans, negotiated by those involved. The key elements are the will to make this work and a belief that it is possible to make real change of this kind.

To make a reality of such a proposal, we urgently need a "National Transformation Forum" supported by all sectors of the community and by the government at all levels. Such a forum could guide the process, search for creative solutions to this range of issues facing us, and make them work if given adequate support.

We also need to seek international support for this on a real basis. At present, for example, the European Union is unwilling to help serious development in this country. It has refused to offer any free-trade agreement that includes most of our agricultural products, but demands no barriers for their own exports. They should be shamed into altering this cynical attitude which is designed solely to increase their wealth at our cost.

In summary: the proposal is a new social contract, freely entered into by those who care about this country and its future, based on the above themes. These issues are all interrelated, they cannot be tackled independently. We need to work on this urgently.

George Ellis is Professor of Applied Mathematics at UCT and one of the world's leading cosmologists.



Trade unions form new mining group

Patrick Wadula

SD 16/1/98

FOUR trade union bodies have teamed up with SA National Civic Organisation Investment Holdings and the Purity mining group to establish a new mining company, Sediba Mining.

The four unions, which together own 70% of the new company, are the National Union of Metalworkers of SA (Numsa), the SA Railway and Harbour Workers' Union (SARHWU), National Education, Health and Allied Workers' Union (Nehawu) and Kopano Ke Matla, an investment arm of the Congress of SA Trade Unions (134)

Numsa Investments executive director Charles Millward said yesterday the aim of the new mining group was to empower local communities and facilitate their participation in mining projects.

Roger Ballen, a founder of the Purity group was appointed Sediba MD.

A 12% interest in the new company would be set aside for community involvement. Sediba was looking at several projects, mainly involving base metals.

Millward said Sediba, through Purity group subsidiary Purity Resources, would receive managerial and entrepreneurial expertise. Purity would provide technical support using its own consultants.

He said with Purity's strong link to mining and financial organisations this would allow Sediba to raise project finance.

Purity, established 10 years ago by small entrepreneurs involved in smelting and small-scale mining, had considerable experience in base metals and industrial mineral extraction.

INDUSTRIAL RELATIONS

fm 23/1/98 (134) ~~(134)~~

Staying labour's hand

Unemployment is only one factor forcing labour to confront post-apartheid realities

It is probably a measure of national melancholy that almost no-one but SA's stressed-out human resource managers will be especially pleased that trade unions are taking account of the reality of unemployment and striking less

Business will assume the trend merely lends weight to its own warnings of further economic slowdown. Government will worry the "good" news won't last long. And the unions will need to find new ways of maintaining the rank-and-file mil-

itancy that holds the movement together

There are good reasons for looking the gift horse in the mouth. In SA, the "jobless growth" of the mid-Nineties is now giving way to "job-shedding growth." While this might translate into improved productivity rates, there lurks a growing army of the jobless poor — the ANC's bedrock constituency — with the potential to cause large-scale social and economic unrest.

Alleviating massive unemployment is shaping up to become the most sharply contested issue between organised labour, led by the Congress of SA Trade Unions (Cosatu) and the ANC government, whose macro-economic framework —

Growth, Employment &

Redistribution (Gear) — is rejected by Cosatu

The biggest event in the labour calendar this year will therefore be the Presidential Jobs Summit, which is likely to take place by June at the latest, since July marks the start of campaigning for the 1999 general elections.

In the face of rapidly plummeting growth forecasts, government fears for its relationship with Cosatu and for the preservation of Gear in a credible (if amended) form are palpable. In fact, it is hard to see how the original Gear deficit targets might survive Finance Minister Trevor Manuel's next Budget, in March. The unions are vital to a successful re-election of the ANC next year. They may be frightened, but they will also try to keep up pressure.

"I want useless strikes to



stop," Cosatu deputy general secretary Zwelinzima Vavi said in a January 20 interview with the *FM*. "But I also want more militancy about the real issues — a living wage, work place restructuring, health and safety, job grading, and closing the apartheid wage gap."

"If 300 000 public-sector workers are retrenched in terms of Gear, and more teachers and nurses are laid off, or if we see further cuts in social spending — then, quite possibly, there will be a strike," Vavi warns. "Even if Cosatu is quiet there will be a revolt by the provincial MECs."

"That's why Gear was not going to see the light of day at the ANC conference last month," says Vavi, who is emphatic that "Gear was not endorsed, or even referred to" in the congress economic commission of which he was part. "But neither was Gear rejected."

It's not easy to pin down the real cause of a significant decline in strike action over the past three years, and which may portend a new era of relative peace on the industrial relations front. Vavi attributes the decline to the introduction of union-friendly legislation led by the 1996 Labour Relations Act (LRA) and the Commission for Conciliation, Mediation & Arbitration (CCMA), which he says have reduced "unnecessary" strikes over issues such as union recognition and stop-order facilities. These rights are now enshrined in the LRA. Many strikes in the past were in response to "racism," Vavi says, which has abated. He points out that the effect of retrenchments on workers' willingness to walk off the job cannot be underestimated. "Workers also understand that certain companies — electronics and textiles — are being devastated by over-hasty tariff reductions."

Last year's dramatic 64% drop in union strike action, to a relatively modest 650 000 man days' lost production compared to the previous year's 1,7m, signifies a trend that is likely to continue despite sporadic outbreaks. The strike is, after all, the most powerful weapon of any self-respecting union.

Clearly, the decline in the number of strikes is not simply because the SA economy has been destroying well over 1 000 jobs a day in the formal sector in recent years. Nor is it out of fraternal deference to the democratically elected ANC, with which Cosatu is in alliance.

Shilowa, Manuel and Vavi brothers in arms for now

There really are unmistakable signs that organised labour has entered a new, less strike-prone era — at least insofar as shop floor issues, as opposed to the political economy, are concerned.

Last year's record strike low, says labour consultancy Andrew Levy & Associates in its December wage settlements report, can be attributed to a number of factors. First, the bulk of centralised wage agreements were finalised without resort to large-scale industrial action. "These agreements set the tone and are an indication of the general level of sophistication reached in the collective bargaining arena," Levy says. The two-year productivity agreement reached between the Chamber of Mines and the National Union of Mineworkers (NUM) is an

"A disturbing feature of the current job market is the high level of retrenchment and downsizing which is taking place across all sectors," adds Levy. "With this ever-present threat of job displacement, strike action tends to taper off and wage demands are moderated."

The average level of wage settlements for the year was 9,7% — 0,2% down on the figure for 1996, and below the psychological double digit barrier, the survey notes. With an average inflation rate of 9% at the end of October, it expects settlements this year to range between 9% and 10%. The average minimum wage across all sectors was R1 680, compared with R1 590 in 1996.

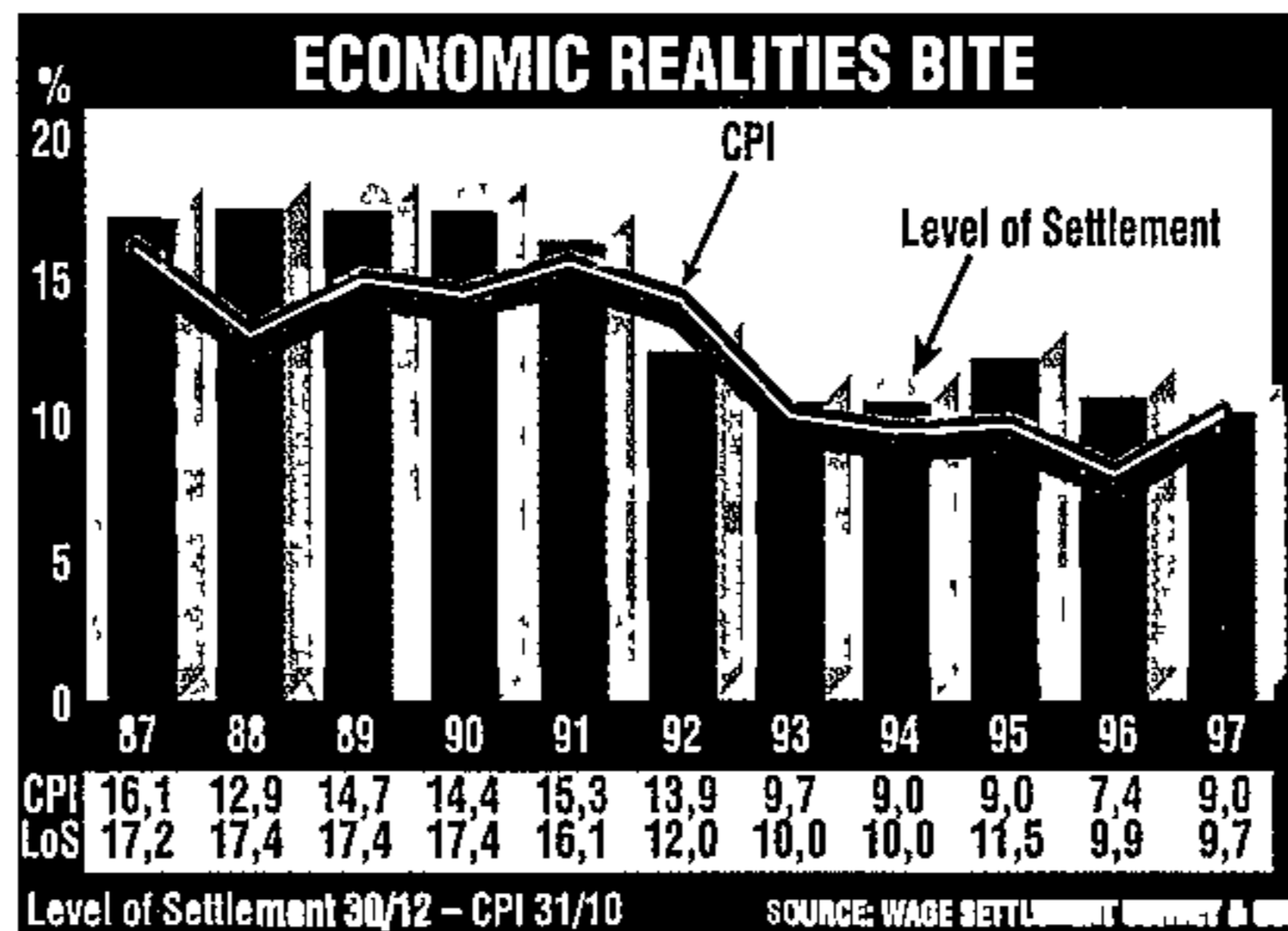
Strikes peaked in 1987, when a staggering 9m worker days were lost as a result of large-scale, politically charged strikes at the height of the apartheid state of emergency. Strike action then fluctuated around the 3m-4m man day mark until 1994, dropping appreciably in the next two years before last year's record low.

Whether fewer strikes portend a decline in unionism remains to be seen.

Union membership around the world is in decline, according to the International Labour Organisation (ILO), as a result of trends favouring capital mobility, relocation to low-wage countries and new production methods (see ILO chart).

There is also a trend abroad, particularly in Europe, towards non-wage forms of remuneration, such as training and job sharing, to cope with the depredations of unemployment. Local unions must ponder these developments — evidence suggests some are already doing so — before calling for the scrapping of Gear, which is attuned to the demands of global competition.

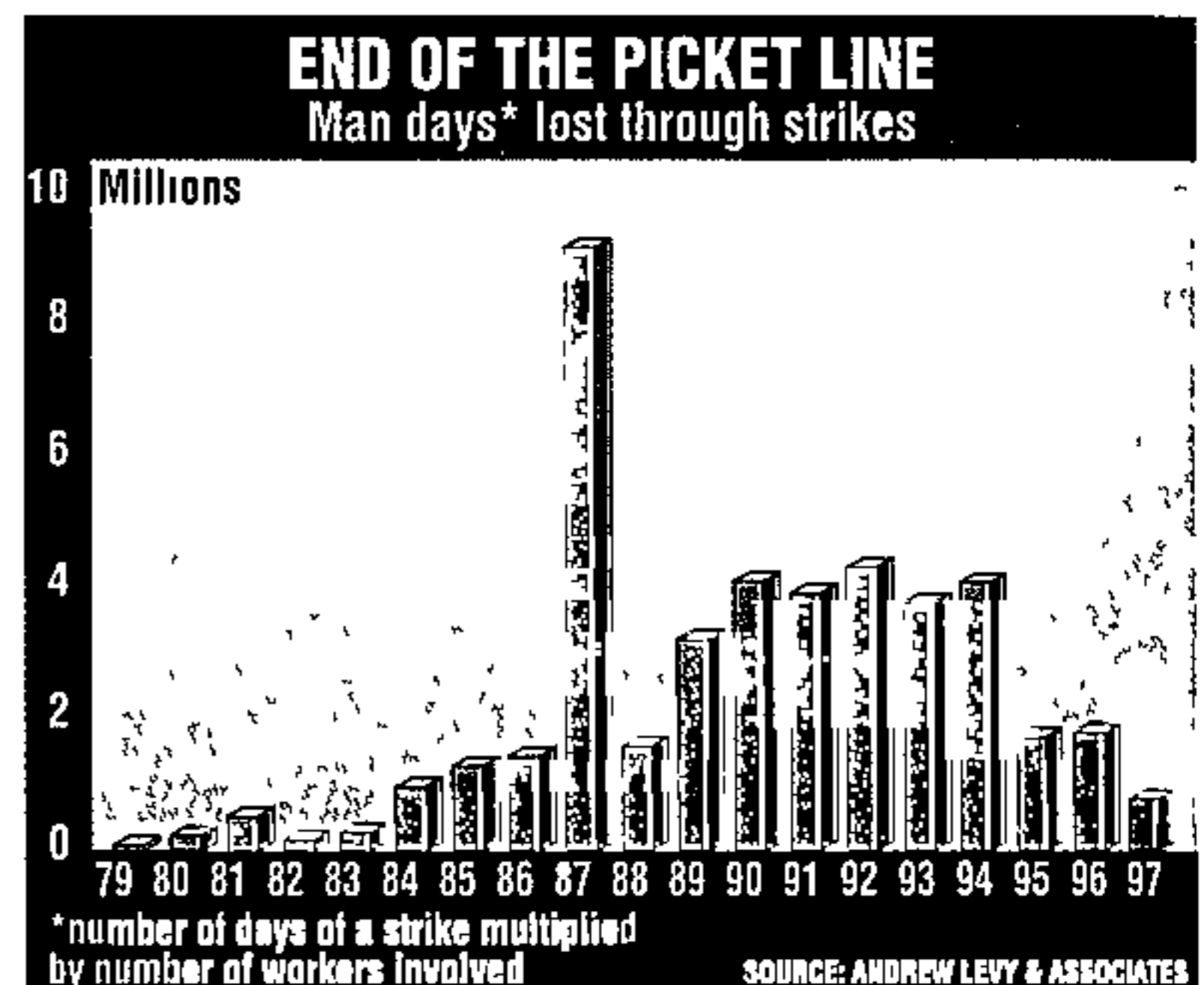
Cosatu's membership rose by 300 000 to 1,7m last year. This bucking of the world trend is due to growth, encouraged under



example of "a creative approach to a complex problem which other industries are expected to emulate in a bid to become more competitive and avoid retrenchment." Whether the NUM-Chamber agreement will hold in the face of the inevitable layoffs to come remains to be seen.

It is also significant, Levy says, that the strike decline coincides with the implementation of the LRA, which came into effect in November 1996. The Act codifies issues that in the past were considered to be good labour practice.

Under the auspices of the LRA, he adds, the CCMA has acted to bring about the speedier resolution of disputes. Though chiefly concerned with resolving individual disputes, the CCMA mediated in a number of wage strikes last year — in the sugar, motor transport and private health sectors, as well as national disputes in the chemical, mining and construction sectors — which contributed to the drop in labour walkouts. The commission successfully resolved about two-thirds of the 58 000 disputes referred to it last year — its first



NUM's Motlatsi joins Anglogold board

David McKay

DD 15/4/98

JAMES Motlatsi, president of the National Union of Mineworkers (NUM), has been appointed to the reconstituted board of Anglogold in what has been described as a canny move to improve the group's image with the international gold mining industry.

Anglogold CEO Bobby Godsell, announcing 14 appointments to the Anglogold board, said yesterday Motlatsi was to be an external independent director. "Major differences in experience, belief and interests separate our respective organisations (NUM and Anglogold). This must be an experiment for both parties. The chance of failure cannot be discounted," he said.

Motlatsi is joined by Real Africa's Don Ncube as an external director.

Anglogold had stepped out of the "country club image of SA gold mining" into world mining, said Greg Hunter of Deutsche Morgan Grenfell. "How hard Motlatsi pushes the labour cause remains to be seen."

Motlatsi said his nomination was a seat for labour, not an individual. He did not discount NUM representatives sitting on the boards of other gold mining companies.

The appointment of Hong Kong-based Victor Fung, an influential businessman in the region, as an external director, would materially advance Anglogold's fortunes abroad, analysts said. Fung heads a 92-year old family

(21) (132)
trading business and his appointment hinted at Anglogold's intention to raise its marketing profile in Asia, an analyst said. China was the third-largest gold consumer market last year with consumption of 214 tons, according to the World Gold Council

Frank Arisman, MD of investment bank JP Morgan, joins the Anglogold board as an external director. He could become influential in directing Anglogold's marketing, an analyst said

The Anglogold board comprises three executive directors and 11 non-executive directors, five of whom have been nominated by Anglo American. The executive directors are Godsell, finance director Jonathan Best and marketing director Kelvin Williams.

Regional co-operation, free trade on track

John Dlodlu

22/4/98

FAR-reaching proposals have been made to forge regional integration in southern Africa, including the creation of the planned free trade protocol in the subregion.

Addressing a seminar jointly organised with the African Development Bank to review an African Development Bank study on integration, Rosalind Thomas, a senior official at the Development Bank of Southern Africa, this week suggested that the five-nation Southern African Customs Union sign an "association agreement" with the Southern African Development Community (SADC), paving the way for the creation of a free trade area between the two blocs.

The Pretoria-led SADC, including the members of the customs union, is negotiating a free trade deal in the region. If implemented, the arrangement will be modelled along the European Free Trade Area.

The other option would be for the customs union, including SA, Botswana, Lesotho, Namibia and Swaziland, to be disbanded in "the interests of a larger grouping".

The customs union, which is at present being renegotiated, is by far the deepest form of economic integration in southern Africa.

Its existence and the long-running review process have been a source of frustration for some SADC officials, who have called for it to be dismantled, making way for the proposed SADC free trade area. However, the SADC recognises its existence.

At the integration seminar, SADC's Abram Pallangyo defended the SADC free trade protocol's main focus on trade.

Critics of the protocol, including some SA government officials, have raised concerns at the fact that no attention is paid to industrialisation and development.

It was not an accident that no mechanisms for industrialisation were provided for in the protocol, said Pallangyo. "Otherwise, you would have ended up with two protocols (in one)."

SADC ministers had called on technocrats to investigate industrialisation on its own merit, Pallangyo said.

Thomas expressed reservations at the cross-border initiative, a fast-track trade liberalisation programme supported by the World Bank, the EU and the African Development Bank.

The initiative had exposed participants to the threat of deindustrialisation, thanks to its strong emphasis on tariff liberalisation and the promised investment had yet to materialise, raising unemployment.

Investors urged to brush up on labour laws

Dustin Chick

(132) 22/4/98

THE Congress of SA Trade Unions (Cosatu) yesterday criticised the ignorance shown by investors, particularly Asian investors, on SA labour relations laws and said ignorance was not a defence.

Spokesman Nowetu Mpati said these companies needed to understand that labour laws were entrenched in the Constitution and needed to be educated about stipulations within the Labour Relations Act.

If the managements of these companies did not understand labour laws they needed to hire consultants who could guide them through the process, she said.

Asian investors had a history of abuse and ignorance of workers' rights in their own countries, where workers were seldom protected and were paid slave wages, Mpati said.

These firms could not extend such practices to SA as the new democracy "was based on workers' blood".

It was also no accident the new Constitution and Labour Relations Act defended workers' rights. It was a crime to ignore these laws and Asian investors needed to "open their eyes".

In one incident, a textile company based in southeast Asia had fired 250 workers "for joining a union". If a solution could not be found within the next 24 hours Cosatu would take the matter to court, she said.

Nedlac, govt to work together on bills

Dustin Chick

2018/2/198

THE National Economic Development and Labour Council (Nedlac) and the parliamentary labour committee have agreed to work together to pass a series of labour bills this year.

The two groups met yesterday as part of a continuous feedback process to plan for the year and eliminate what were seen as potential obstacles.

Nedlac executive director Jayendra Naidoo said that it was important for the bodies to have good relations, especially in the light of labour legislation expected to come before Parliament this year, such as the employment equity and skills development bills.

The former was widely seen as a move to legislate affirmative action and had sparked widespread reaction from opposition parties.

Labour committee chairman Godfrey Oliphant said he hoped to have the skills bill finalised soon, but the main "challenge" remained employment equity legislation. He said although a broad framework had been agreed to, the finer mechanisms within the bill still needed to be finalised.

His views were echoed by Adrian du Plessis, Business SA's Nedlac representative, who said a need existed for government and business to continue to meet to avoid stark differences.

Oliphant said the challenge of the Employment Equity Bill was

(132)

the same as for other difficult legislation and "the sky would not fall on anyone's head".

Other issues raised at the meeting were Nedlac recommendations that the labour ministry ratify new minimum age and equal remuneration proposals made by the International Labour Organisation and three new codes introduced by Labour Minister Tito Mboweni in the Labour Relations Act. They related to dismissals based on operations, picketing and sexual harassment.

Oliphant said the finalisation of the Basic Conditions of Employment Act was with Mboweni, who needed to make announcements about the new institutions prescribed by the law.

Gear is a slap in the face of labour

*Sowetan
16/2/98*

(49) (132)

By Maria van Driel

IN DECEMBER the African National Congress conference tacitly accepted the Government's Growth, Employment and Redistribution strategy

In response Congress of South African Trade Unions (Cosatu) deputy general secretary Zwelinzima Vavi said a macro economic strategy that did not deliver was wrong and that it was immoral to support Gear

Indeed, even the tacit acceptance of Gear is a slap in the face for Cosatu and the labour movement in the light of the federation's recent congress decision to reject Gear

For the South African Municipal Workers Union (Samwu), which organises the local government, Gear will have a major impact on service delivery

For the labour movement as a whole, the Mafikeng conference raises critical questions about relations with the ANC. In the labour movement Gear has been criticised for being a neo-liberal programme that serves the interests of financial capitalism

Neo-liberalism is the response of capital to the crisis of overproduction. The neo liberal agenda therefore focuses on deregulatory measures to ensure the free flow of capital to areas and countries that are profitable, that is where labour is cheap

Taxes for capitalists are reduced and enormous pressure exists to cut state expenditure and sell state assets to the private sector. Privatisation is therefore at the heart of neo liberalism and is an attempt to solve the global economic crisis of capital

For this reason enormous pressure is exerted on the South African Government (and most Third World countries) from financial institutions such as the World Bank and the International Monetary Fund to privatise

Privatisation has been adapted to the South African context. Here privatisation plays on the notion of black empowerment, giving the impression that it is addressing the legacy of apartheid

But the motives are twofold - a few strategically placed black faces are useful to access Government contracts and, more importantly, to co-opt workers and the union movement into joint ventures with the private sector and thus defuse any potential anti privatisation sentiment

Regulatory role

Often, though, concerns about privatisation focus nationally on Telkom, the SABC, Sun Air and so forth. Yet privatisation is quietly eroding the local state

A brief overview will illustrate the complexities and the different forms of privatisation

Concessioning Bulk services such as water are concessioned to multinational companies for 20 to 30 years. The state cedes all control and only plays a regulatory role. All rights are ceded to the company to, among other things, maintain, provide water and set the tariffs

Contracting out or outsourcing This is a common form of privatisation where the Government buys the service from a private company who runs it for a particular time

Outsourcing occurs nationally, across service sectors, including refuse removal, roads, security, meter reading in water and electricity and the health services

Programme criticised as serving interests of financial capitalism



Cosatu leader Zwelinzima Vavi. It is immoral to support Gear

While some unions lack clarity on the public sector and its role, others have bought into the process through their investment companies, with the result that privatisation is spreading

Often contractors subcontract, drawing on the mass unemployed in communities who are prepared to work as casuals. These have appalling working conditions, which affect the service and enrich the contractor

Joint ventures These are mooted as partnerships between the local authority, the council and the workers on the pretext of black empowerment, but are merely an attempt to co-opt workers

Leasing This is where a service or resource previously held is leased from the private sector. This includes vehicles or management services (currently a proposal in the Johannesburg Fire Department)

Leasing is also used as an incremental approach to privatisation to bypass anti-privatisation opposition. In Gauteng Emergency Medical Services, the ambulances were leased, accompanied by the general running down of the service

Some specialist services and training of staff for these services have been abandoned. Now there is pressure to privatise the ambulance service

Reducing funds Privatisation is induced through reducing funds to public bodies to force them to seek private funding. All services in all local authorities are affected nationally. The funding crisis is particularly marked in South Africa's biggest city, Johannesburg

Increasing user charges This forms part of the commercialisation process of preparing the service for privatisation. Tariffs are set according to private sector principles

Gains to the private sector are twofold - politically the local authority takes responsibility for the tariff

increases, and this also sets financial benchmarks for the service

But Gear's impact must not be measured in financial terms only as its political implications are far-reaching. Gear has the potential to fragment and destroy the entire fabric of society

Neo-liberalism atomises people and individualises problems and its sources. This fragments the working class (and the middle class) and undermines the working class' capacity to struggle

Various unions have responded to privatisation differently. Most have been unable to respond consistently and to prevent the dismemberment of society and the fragmentation of the working class that results

This is largely due to unions not taking clear political positions but rather a case by case approach. Much of this can be attributed to the National Framework Agreement which accepts privatisation

While some unions lack clarity on the public sector and its role, others have bought into the process through their investment companies, with the result that privatisation is spreading

Samwu has been consistent in its total rejection of and opposition to all forms of privatisation

Central to Samwu's approach is the unity of the struggle against privatisation and the reform of the public sector. This approach is based on political opposition to neo-liberalism, Gear and privatisation

A firm political grounding resting on strong workplace organisation allows the union tactical flexibility in responding to privatisation

The union's preparedness to enter into negotiations is underpinned by a preparedness to struggle as we understand that only with such a preparedness to struggle will negotiation yield positive results

Political compass

This approach is in contrast to adopting a "flexible" approach to privatisation, which does not anchor the union or the struggle politically

With no political compass this inevitably leads to supporting one form of privatisation or another. This undermines the struggle for public sector reform as it disperses the broad resources necessary for such reform

There are three elements to Samwu's approach. These are developing a vision for the kind of public sector we want, developing an emergency plan to transform the service in the short term and developing a long term plan to transform the service

In the light of the struggle against neo-liberalism, Gear and privatisation, and the struggle for public sector reform, we need to ensure that this is reflected in the upcoming Cosatu Platform

The Platform was decided on at the Congress in 1997 in order to include a list of demands pertinent to the living conditions of the working class. The labour movement needs to struggle for this with the 1999 election in mind

It is important that Cosatu maintains its political convictions regarding its rejection of Gear, and does not pander to the ANC

(The writer is Samwu's national anti privatisation coordinator. The article is written in her personal capacity)

Success in labour relations key link in development initiatives

SA HAS not changed much in the nearly 100 years since white workers mobilised in the streets of Johannesburg to protest against the "yellow peril" — the influx of cheap Chinese labour

Three weeks ago US-based Chicago Brick & Iron (CBI), a subcontractor at Saldanha Steel started laying off 20 workers as part of a steady "demobilisation" of the total workforce as construction of the plant neared completion

As these workers were being laid off, several of CBI's more skilled permanent employees from Thailand just happened to be coming onto the site

Unfortunately, as one observer says, this "was the match to the tinder" Thousands of workers on the site went on a rampage and began burning CBI's buildings and looted cars before setting them alight

The after-effects of the incident still reverberated through the quiet west coast fishing village of Saldanha Bay last week with all concerned asking "What was the real match to the tinder?"

Saldanha Steel spokesman Tom Ferreira says the frustrating part is that despite doing "everything right", the incident still occurred A unionist says that if the company did everything right "how come the squatter camp near Vredenburg is referred to as the George Kerridge Park, named after the company's senior industrial relations manager?"

Management, local structures and the promoters of the west coast investment initiative have failed to understand why workers who backed the region's development, would deliberately burn and trash the property which was giving them their livelihood

The strike and subsequent action could not have happened at a worse time as it coincided with the launch of the investment initiative — one of eight spatial development initiatives driven by the departments of trade and industry and transport The Saldanha Steel project is a joint initiative between Iscor and the Industrial Development Corporation

The launch is being followed up with an investor conference today in Saldanha Bay aimed at bringing investors' attention to potential downstream ventures in the region ranging from mineral beneficiation projects to agriculture, fishing and tourism

Government can, however, breathe a sign of relief as the action was not intended to challenge its moves to promote economic development in the region

Rather, the manifestation of anger and frustration highlighted the unintended consequences which can arise in the construction of such massive projects If not acknowledged and addressed, problems such

as those plaguing the Saldanha development will haunt similar projects under way

The west coast project managers and Saldanha Steel went to great lengths to communicate and get the communities and other affected parties on board After the strike some local leaders, who in the past might have led the strike, criticised the workers for messing "it up for the rest of the community"

What then caused workers to take such drastic action? All parties acknowledge that job insecurity as the construction of Saldanha Steel nears completion later this year is a major factor leading to labour instability

Despite this, management expected people to accept unemployment peacefully They still say "How can workers not understand that the completion of the plant is the same as when they finish building a house? When the house is complete there is no more work to do"

Workers do understand that their jobs are temporary and the inherent instability in construction work But as one worker says "How can a R7bn plant only employ 600 permanent workers?" A unionist explains that at the time the Saldanha Vredenburg community thought more permanent jobs would be created and they felt management lied to them from the outset

However, management says workers were repeatedly informed that their jobs were temporary The community was consulted about development and participated in the screening and selection of most applicants

There has been a major attempt to keep the community informed of developments, but as social anthropologist Conrad Steenkamp says, the pace of change has been so rapid that when information eventually filters down, it is out of date

The majority of the 9 000 workers employed to build the plant will no longer have jobs by year-end and face a bleak future with already high levels of unemployment in the region, unless much

Events at Saldanha Steel show what the pitfalls of government's spatial development initiatives can be if they are not managed properly, writes labour reporter Renee Grawitzky

hoped for potential downstream projects materialise

Another factor that has contributed to tension in the area is imported labour The community, initially enthusiastic about the development of Saldanha Steel, has begun to feel resentful over the influx of "foreigners" not necessarily from outside the country but from KwaZulu-Natal, Johannesburg and as near as Cape Town and Al-Abid The community feels it should have had first bite at jobs

A Cape Town worker says when he goes into the town, people say "Hier kom die Kapenaar Huile wil oorneem" Steenkamp says this is not unusual as people living in the area for 30 years are still seen by the local communities as being "inkomers"

Antagonism to outsiders has increased as it is perceived that "foreigners" have taken the jobs reserved for locals Steenkamp says "structurally entrenched racial tensions in relation to access to resources" is

becoming evident

Management agreed with the communities that locals would get first preference for jobs This has not materialised, Metal Electrical Workers' Union of SA organiser Raymond Snyder says

Management says it was conscious of the total labour force mix and gave locals first option, but there were problems as some locals did not like or were not used to the type of work on offer

"Black workers are traditionally more capable of doing this type of work," management says

A researcher says this attitude underlies employment relations in the mining industry — where workers from certain areas are stereotyped as being proficient in certain types of jobs

As with many depressed areas, the skills level in the region did not quite meet the requirements of the company while subcontractors brought in their own people from

other areas

Despite strict criteria placed on subcontractors — in terms of whom they could employ and the ban on the use of labour brokers — workers said during interviews that large numbers were employed by labour brokers on independent contracts with poor conditions

A worker employed on an independent contract says "What must I do? This is badly paid work, but I have nothing else"

Saldanha is only a part of the west coast initiative Other projects falling within it are Anglo American's Namakwa Sands

heavy minerals beneficiation plant, already well into production, the Duferra steel processing plant, as well as possible downstream projects

Laurine Platky, project manager of the west coast investment initiative, says the objectives of spatial development initiatives are to focus economic growth on where there is potential, develop globally competitive industries, generate sustainable economic growth and development in relatively under-developed areas, develop small to medium size enterprises and create first line jobs

An observer says the initiatives are primarily about bringing large investment into an area and not about immediate job creation. Thus could happen through the creation of downstream projects

Platky agrees that spatial development initiatives do not necessarily translate into large-scale job creation projects because the industrial part of "our future" is not a job-intensive exercise

Within such projects, industrial development zones will be promoted

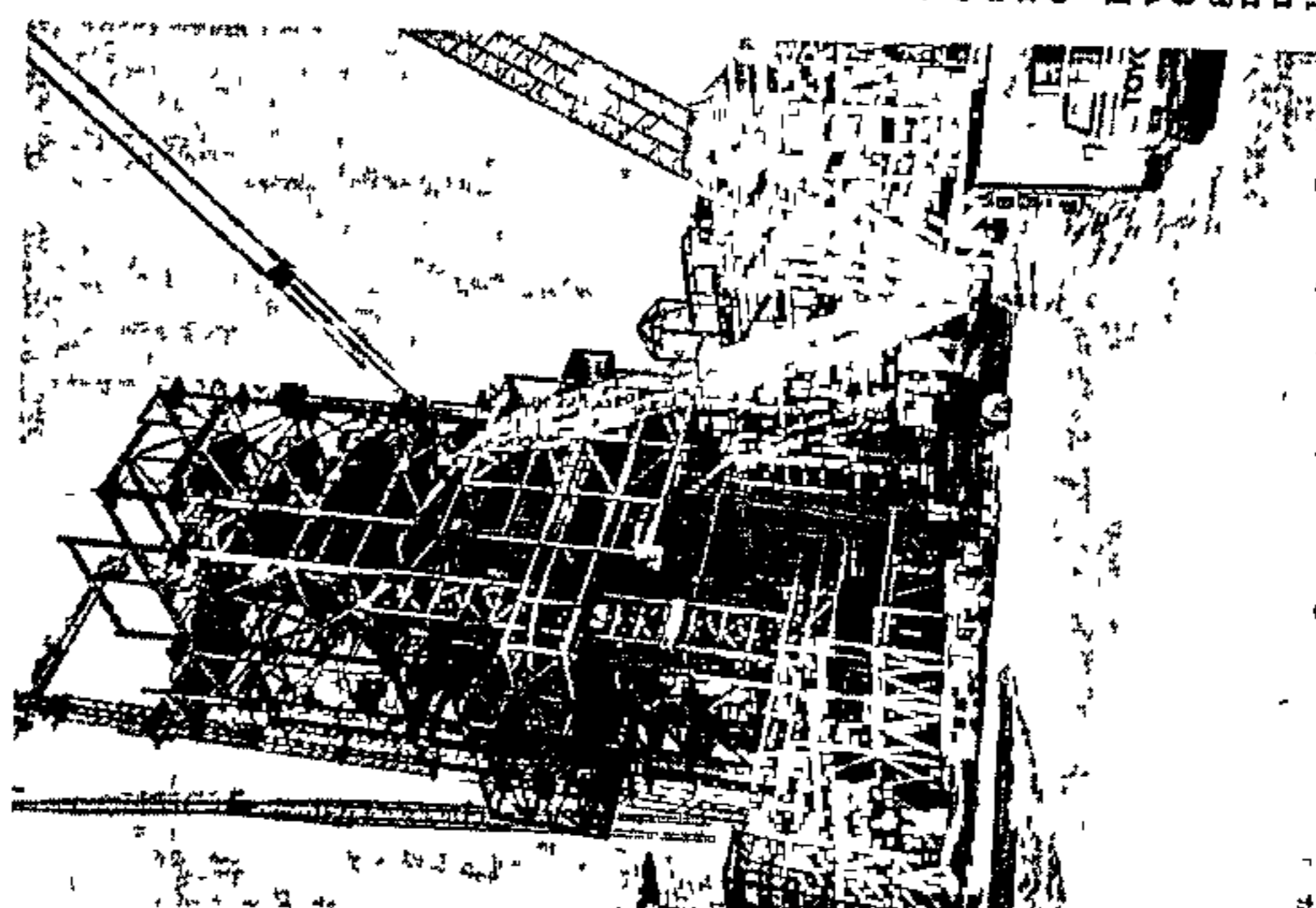
Project organisers are still battling to find short-term solutions to an inherently complex and conflict ridden area

The Saldanha Steel experience, as with other huge developments as Mossagas, has shown that different contracts giving workers different status coupled with social and economic divisions, will deepen social cleavages and further divide people

Platky rightly says the incident reflects a crisis of labour relations in the construction industry

It also raises crucial questions as to whether foreign companies, having no understanding of labour relations in the country, should get a contract purely on price

Steenkamp warns that as long as there is a situation where the soft development issues appear to be relegated to downstream impact management, then government will create a situation in which the risk of unintended consequences outweighs the development benefits of such initiatives



The Saldanha Steel plant, right, was beset by labour problems when thousands of workers went on the rampage after subcontractor Chicago Brick & Iron laid off 20 workers as part of a steady 'demobilisation' of the total workforce as construction neared completion

PICTURES: RENE GRAWITZKY

Codes on picketing and dismissals to aid in interpreting new labour act

Nedlac strikes labour practice deal

FRANK NXUMALO

LABOUR EDITOR

Johannesburg — Business, labour and government achieved a breakthrough yesterday when they struck a deal at Nedlac on the labour practice codes governing rights and duties during protected strikes and dismissals.

The codes — governing good practice on picketing and dismissals based on operational requirements — will also assist the Commission for Conciliation, Mediation and Arbitration (CCMA) and the labour courts in interpreting and applying the new Labour Relations Act

CT (PR) 26/2/98
 Nedlac said the codes were an expansion of the act and should be read in conjunction with it.

The council said the codes could not have come at a more opportune moment for the country's industrial relations, in the light of police and marchers' violent behaviour on Monday in central Johannesburg. They would also ease negotiations at the 1998 national bargaining councils on wages and conditions of employment.

The code on retrenchments requires employers to "explore alternatives to retrenchments, treat employees to be dismissed fairly, consult with employees in

an attempt to reach consensus and give preference for hiring of dismissed employees".

The code on picketing says, in part, that "picketers may carry placards, chant slogans, sing and dance" and makes it clear that "it is not the function of the police to take any view of the merits, in particular of the dispute, giving rise to a strike or a lock-out".

"The police have no responsibility for enforcing the Labour Relations Act," the code says. "An employer cannot require the police to help in identifying pickets against whom it wishes an order from the labour court; nor is it

the job of the police to enforce the terms of the labour court."

The codes will be published in the Government Gazette

Muzi Buthelezi, Nedlac's labour chief negotiator, said Monday's conflict and tension showed a police force "in transition" and the code on picketing was therefore an excellent instrument to be used by the government to train the police in the democratic values of the new South Africa.

Buthelezi said the code on retrenchments would entrench workers' rights in the new Labour Relations Act as the old one had denied such rights.

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Industrial relations 'key to attracting more investment'

FRANK NXUMALO

Johannesburg — There was not enough investment in South Africa to create jobs, Humphrey Khoza, the president of the South African Chamber of Business told the the Federation of Unions of South Africa last week.

Khoza referred to a recent International Labour Organisation study that said South Africa invested 17 percent of gross do-

estic product (GDP), against the 22 percent required to achieve 3 percent growth.

He said the decision whether or not to invest was based on a number of things, including the crime rate, the availability of skilled labour and good management, labour market regulation, the state of industrial relations and confidence in policy maintenance, and predictability of industrial relations had to be

looked at on three levels. Nationally, though collective bargaining was rare, national negotiations and consultation on many matters had become important with the advent of tripartism and Nedlac, though Nedlac's role could get more limited.

Second, was the sectoral level, which he divided into the unorganised sector, with little contact between business and labour, and the organised sector, which had bargaining councils and forums.

"It is at the sectoral level that many employers have a serious problem with the thrust of the new Labour Relations Act," he said. "This act unashamedly promotes centralised collective bargaining as the preferred means of settling wages and conditions of service. We believe this one-size-fits-all approach to be inappropriate for South Africa."

Although a statutory duty to bargain was not made part of our law, the structure of the legislation and the rights granted to trade unions brings us very close to a de facto duty to bargain."

Third was the shop floor. This level was very important for small business, which employs 45 percent of the country's workers and contributes nearly one-third of GDP while dealing with high interest rates, international competition and weak demand.

RESTRUCTURING *The government seems less keen to include business and labour in policymaking*

Doubts abound over the future of the NFA

FRANK NXUMALO

Johannesburg — The government-labour National Framework Agreement (NFA) expired last Wednesday but Membat-hisi Mladlana, the minister of labour, would not be drawn on its future last week.

The NFA was signed in 1996 by the government and Cosatu to accommodate the concerns of the country's most powerful and largest labour federation on the restructuring of parastatals and local authorities.

Even while Cosatu prepares for a workshop of its affiliates in those sectors to decide on whether to propose an extension of the NFA, it has already expressed deep concern at recent developments.

Cosatu has said these developments threaten thousands of jobs. They seem to suggest that many leaders in the state sector regarded the "uncritical adoption of the ideology of privatisation as a panacea for all societal problems".

Zwelizima Yavij Cosatu's general secretary, designate,

said affected affiliates would give the workshop detailed reports on the restructuring and/or privatisation process within and outside the context of NFA.

The workshop would also "evaluate whether the NFA served any useful purpose".

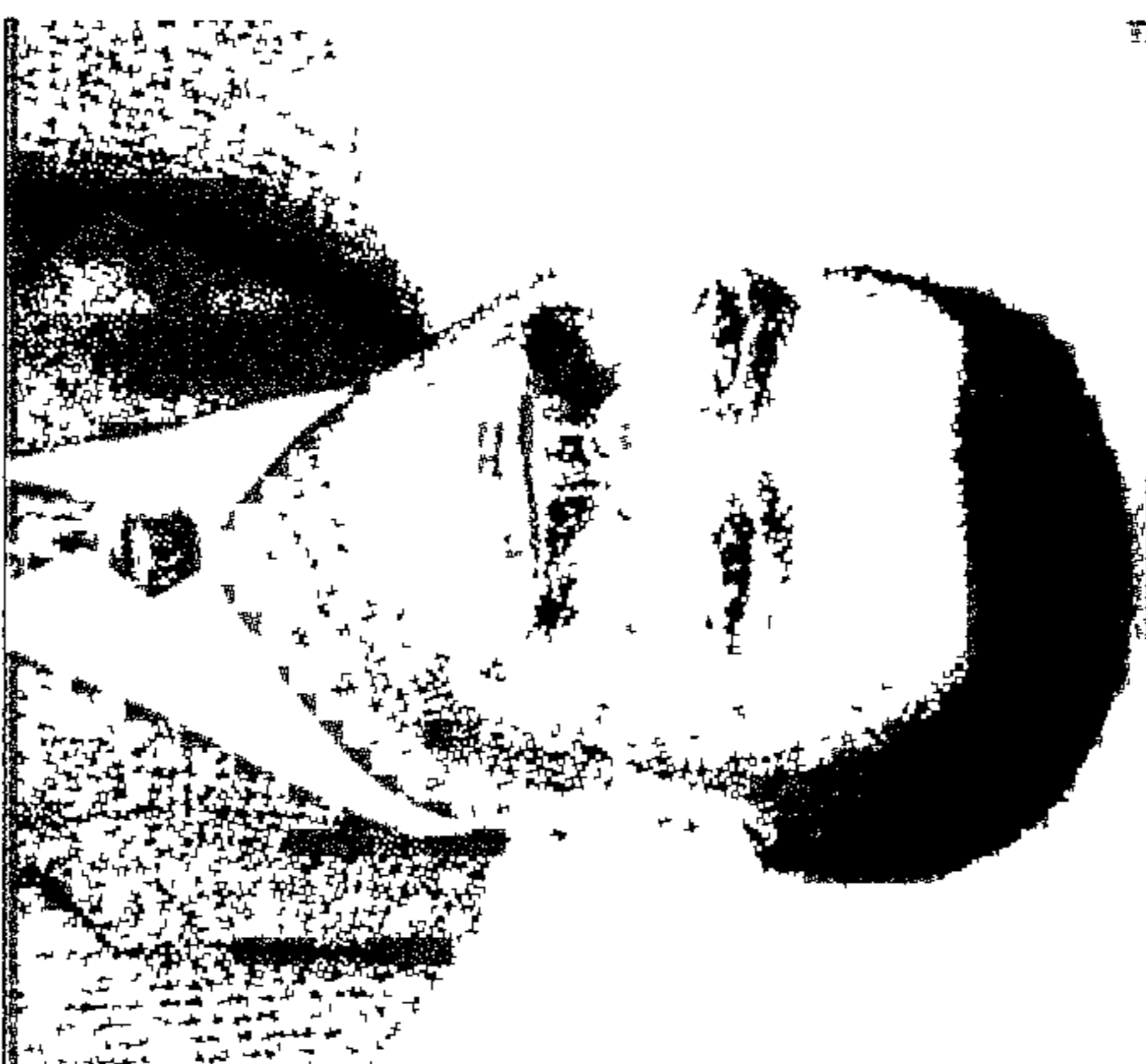
"The workshop," he said, "should recommend as to whether this NFA's life span should be extended or not."

"The May 1999 executive committee has been requested to take (some) decisions, including (one) on engagement with the alliance and (on) a programme to defend our members' jobs."

But the dynamics go beyond privatisation, the NFA seems to have been overtaken by events

CT(PR) 7/4/99

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NEW ISOLATIONIST Membat-hisi Mladlana, the labour minister, says the government can go it alone

It is highly relevant that the labour department has just completed its five-year programme of action, a large part

state restructuring, is not a signatory to it. The importance of the sector in restructuring is clearly

of which was the enactment of new labour legislation in collaboration with the National Economic Development and Labour Council (Nedlac).

The completion of the programme itself has deep implications for the future of Nedlac after the elections in terms of its importance in the eyes of government, the focus of its activities and, by implication, the future of social dialogue.

The bilateral nature of the NFA is another hobbling aspect because the private sector, an important player in the question of restructuring, is not a signatory to it. The importance of the sector in restructuring is clearly shown by the way officialdom in particular frequently refers to restructuring as the public-private partnership.

What is really at issue is the future of social dialogue, or tripartitism, an arrangement by which the government, labour and business all sit down to negotiate sufficient consensus on important socio-economic issues.

There are already indications that the government is beginning to draw the line between what needs to go to Nedlac and what just needs to be handed down as a policy directive.

Mladlana admitted this straight out, saying there were issues that the labour department "could (cover) without Nedlac".

"Not everything from government must go to Nedlac. That is why some of the social partners lost miserably in court," he said in apparent reference to the recent lobby by tobacco companies against the health department's tobacco bills.

Nedlac to head social security overhaul

ET (BR) 12/4/99
LUKANYO MNYANDA

ECONOMICS EDITOR

Johannesburg - A government-appointed task team reviewing the state of the country's social security system would table its findings to the National Economic Development and Labour Council (Nedlac) later this month, Jennifer Wilson, a Nedlac spokesman, said at the weekend.

The social partners - government, labour and business - committed themselves during the jobs summit last year to convene a Nedlac process to pave the way for the implementation of a new and comprehensive social security system for the country.

Wilson said the government task team, working under the welfare department, should submit its proposals to the Cabinet in July. It is still not clear when the Nedlac process, which began last week with discussions on the objectives and principles behind the overhaul of social security, will be completed.

There seemed to be consensus on the need to overhaul social security during initial discussions, with none of the parties coming with non-negotiable positions. However, divisions between business and labour were likely to emerge around

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the sensitive areas of economic cost and definition.

Business wants social security to be defined as protection for members of society in economic and social stress caused by reduction in their income. Labour wants it to encompass development issues like access to training, housing and finance. Business is also likely to insist that any new structure has to be affordable in a macroeconomic sense and not stifle growth.

Ravi Naidoo, the director of Naledi, Cosatu's economic think tank, said a new social security system would have to "promote economic development" by encouraging investment in infrastructure and the uplifting of communities.

He said the process, which was still at its conceptual stage, would be the most comprehensive ever. Labour was encouraged by the "fair amount" of consensus among the social partners, he said.

Barry Shipman, the convener of Business South Africa's working committee on social security, said business recognised the need to overhaul the country's social security system.

The guiding principles should be based on the requirement for an efficient and affordable system, and it should encourage private insurance.

Workplace forums by-passed

(132) (132)

FRANK NXUMALO

LABOUR EDITOR

Johannesburg - Only six statutory workplace forums had been successfully set up since the promulgation of the new Labour Relations Act (LRA) in 1995, according to a Wits University report released last week.

These forums are workplace organisations to which representatives of the workforce and management are delegated to discuss and jointly resolve a wide range of industrial relations issues, from team-building to workplace reorganisation.

The aim is to avoid a bloody confrontation between management and the trade unions, or at least ameliorate conflictual industrial relations.

The report, called Workplace Forums What is their Future? and compiled by the Wits Sociology of Work Unit (Swop), showed that by the end of last year, 56 workplaces had applied to the Commission for Conciliation, Mediation and Arbitration (CCMA) to set up a workplace forum, yet only six had succeeded.

The report said the amendment to the LRA that provides for workplace forums tended to be a non-event because trade unions would not support them.

In 50 percent of the cases, workplace

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forums were not established as a result of opposition from the trade unions.

"There is a belief that the trade union involved would not benefit by the creation of the workplace forums.

"As workplace forums do not incur membership fees and are open to all employees, they can indirectly undermine the authority and powers of the trade union," Christine Psoulis, a senior Swop researcher and one of the authors of the report, said.

Psoulis cautioned against discarding the usefulness of these forums as they still had teething problems and it would be premature to doubt their future value in generating improved industrial relations.

The report proposed three ways of securing the future of workplace forums:

- Labour legislation needed to reflect the reality of existing forms of workplace representation by surveying forms of employee participation and designing legislation to enable these to become part of a labour relations system,
- The CCMA needed to adopt a long-term strategy to facilitate the establishment of workplace forums, and
- An effective structure capable of obtaining and retaining valid information about workplace forums needed to be set up.

New union plans to expand in sectors with jobs under threat

By merging, two trade unions aim to be a force to be reckoned with

Pearl Sebolao

THE newly-formed Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union (Ceppwawu) will embark on a recruitment drive after acknowledging that it operates in sectors which are increasingly shedding jobs

Union general secretary Muzi Buthelezi (former general secretary of the Chemical Workers Industrial Union) said research showed the union's membership — which currently stands at 92 000 — had the potential to grow to 150 000

Speaking after Ceppwawu's three-day launching congress in Johannesburg, Buthelezi acknowledged that Ceppwawu — a merger between the CWIU and the Paper, Printing and Allied Workers' Union

— was organised in sectors increasingly shedding jobs. These sectors included chemical, petroleum, packaging, glass and printing.

With clear direction, Buthelezi said, Ceppwawu, which was organised in strategic industries, would be a force to be reckoned with.

The new union's first order of business would be to formulate demands for this year's wage negotiations and harmonise the two unions' approaches to collective bargaining.

A collective bargaining conference will be held on March 11 and 12.

Buthelezi said the tension which usually came with mergers had been removed through an agreement between the two unions to split leadership positions equally and by giving each the final say on how to fill them. Both unions belonged to the

Congress of SA Trade Unions

The national office bearers of the new union are: Buthelezi (general secretary), Bhengeza Mthombeni (deputy general secretary), Absalom Ditshoke (treasurer), Pasco Dyani (president), Welile Nolinggo (first deputy president) and Joseph Thee (second deputy president).

SA Communist Party general secretary Blade Nzimande has accepted a position on the new union as its honorary president.

Ceppwawu has called on its members to contribute to the labour movement's Job Creation Trust Fund on March 3

It will also mobilise its members to register to vote in the coming general election

Members were urged to vote for the African National Congress.

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'No delay' in top Nedlac appointment

ET (BR) 7/12/98

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FRANK NXUMALO

LABOUR EDITOR

Johannesburg — The government was committed to making Nedlac, the tripartite negotiating forum, stronger, Membathisi Mdladlana, the minister of labour, said last week

Mdladlana was responding to media queries about the delay in appointing a successor to Jayendra Naidoo, Nedlac's executive director, who was vacating the post in two weeks

Raymond Parsons, Business South Africa's overall convener at Nedlac's labour market chamber, said the context in which the executive council had thanked Naidoo for his contribution had "sent a positive message about the future of Nedlac"

Parsons said as far as business was concerned, there remained a strong role for Nedlac to play in ensuring effective social dialogue

Ebrahim Patel, labour's overall convener, said Naidoo's departure was a personal decision which in no way reflected on the social partners' commitment to the institution

"He felt he had made his contribution and wanted to play a fresh role in society. If there is a



TALKS TRIO (left to right) Raymond Parsons, Membathisi Mdladlana, and Ebrahim Patel agree on Friday that Nedlac's future role remains positive

PHOTO JOHN WOODROOF

delay, it's not a government delay," Patel said

Mdladlana said Nedlac had received about 30 applications for the job

He said the executive council mandated the overall convenors to short-list candidates, conduct interviews and appoint Naidoo's

successor "as soon as possible"

He said the parties had agreed the supervisory structure — a tripartite body formed during the lead-up to the presidential jobs summit — would continue to function under the auspices of Nedlac

He said the structure would

take steps to deal with issues that were not completed in time for the summit

"It will also act as a monitoring structure to ensure the agreements were being implemented," Mdladlana said

□ 47 Sauer St, Page 2

Nedlac still has role to play, say stakeholders

Reneé Grawitzky

7/12/98 (192)

LABOUR, government and business representatives have moved quickly to quell concerns about the future of the National Economic, Development and Labour Council (Nedlac) in the wake of the departure of the institution's executive director Jayendra Naidoo.

Labour Minister Shepherd Mdladlana said after Nedlac's executive council meeting on Friday there was never any discussion in government about downgrading Nedlac. "There is no way that one can suggest that — Nedlac continues", he said.

Labour spokesman Ebrahim Patel said there was a strong vote of confidence in the future of the institution.

Business convenor Raymond Parsons said "there remains a strong and positive rôle for the Nedlac process."

Sources close to the process said there was some uncertainty and concerns that a replacement had not been found for Naidoo, who formally resigned in September but informally indicated his intention in June. He was this week appointed chairman of Plessey Telecommunications and nonexecutive director of Worldwide African Investment Holdings.

Regarding a new Nedlac executive director, Patel said it was not government's responsibility to appoint a replacement and any delays could not be blamed on government.

Mdladlana said it was incorrect to assume that no attempts had been made to appoint a replacement.

The overall conveners of all the constituencies were in the process of considering all the applications and Mdladlana was confident that in due course an appointment would be made.

The executive council also got feedback on the presidential job summit process, where it was agreed the supervisory structure would continue to operate under the auspices of Nedlac and would monitor implementation of agreements and projects unveiled at the summit.

Round one to Nedlac

Sowetan 10/12/98

THE National Economic Development and Labour Council has won praise as a highly productive body and an accomplished consensus-seeking institution in the process of social transformation and economic development

"It was a new start and we are now better prepared to manage macroeconomic issues," said Nedlac's outgoing executive director Jayendra Naidoo

"It is a site for coordination and information exchange. Various foreign statesmen have praised its work"

Naidoo believes the high level of consensus among Nedlac parties will build a strong Southern African region, one of the key challenges faced by Nedlac

He acknowledges that to make the vision of a strong region a reality, Nedlac's social partners need to develop structured contact between the business community and their Southern African Development Community counterparts

Other challenges include the final implementation of the recent Job Summit's decisions and programmes associated with special employment programmes Nedlac will oversee these once they are enacted by Government ministries and agencies

"Another category of issues concerns the initiation of sectorial summits, where substantial work will be done, like the financing of the Government employees' pension fund," says Naidoo

"With regard to these, analysis, researches and negotiations will have to take place"

In a nutshell, Nedlac's focus will move away from a regulatory labour market to delivery programmes

Housing policy implementation, trade, investment and financing will become the new focal points

Now that the debate on the Growth Employment and Redistribution policy has been dealt with, there is also a better chance to conduct meaningful discussions in Nedlac's public finance chamber

Fiscal and monetary policy matters, projections and other options will now take precedence, Naidoo added

But he stressed "Nedlac will always have a bargaining job to do on behalf of business, labour and Government as there will be different challenges as society changes"

In the four years of its existence, Nedlac chalked up an impressive list of more than 40 agreements

Labour legislation came under comprehensive review, with a very significant level of consensus in the end on the contents of the recent Employment Equity and Labour Relations Acts

Nedlac's outgoing executive director, Jayendra Naidoo, despite minor misgivings is full of praise for the negotiating forum. **Mzwakhe Hlangani** spoke to him (132)



Nedlac executive director Jayendra Naidoo.

The Competition Act was also an extraordinary achievement, Naidoo said, where a new command structure was set up with the full participation of organised business and labour movements

A radical set of proposals were used to transform the competition law which operated in an environment where conglomerates and big businesses dominated

Despite its successes, Naidoo concedes that there were also serious deficiencies in Nedlac. He said it worked on small budgets and with scant resources, these needed to be increased significantly

Another major weakness was the inability to develop a strong relationship between labour and Government constituencies on developments in their research programmes

Each constituency developed its proposals in isolation and this delayed the negotiation process with the result that their relationship became adversarial

Developing central research and information gathering, and utilising Nedlac's capabilities collectively, as done in many other socio-economic councils in the world, would enable parties to develop policies in synergy

The non-availability of experienced personnel also sometimes put a strain on the fluidity of the process

"Too few people are readily available in each constituency to serve in the Nedlac process," says Naidoo

"For example, the Labour Ministry's over-

burdened representative at Nedlac is obliged to coordinate all Government delegations without resources

"Likewise, the labour movement leadership tries to do everything on its own simply because of logistics, and this has become a major problem"

Naidoo further lamented the lack of senior level participation in the Nedlac process

Unlike in the beginning, the process has started to experience gaps - instead of the ministers and director-generals who were involved initially, the level of representation has ended up with junior leaders

But Naidoo is quick to point out that this may be the result of differences of opinion within Government about whether Nedlac should be a purely advisory body, or a negotiating body with binding agreements

Another significant weakness of Nedlac was the nature of positions adopted by parties during debates on labour market issues

"Parties are too tactical, trying to score every point," says Naidoo

Conflict-ridden

"We ended up with a negotiating style that was unfortunately too conflict-ridden"

He cited the Job Summit as the first major instance where Nedlac was able to move outside this mode

Naidoo, who became known as "Mr Nedlac", did not elaborate on his future plans when he leaves Nedlac next week, but intimated that there was a particular project he would be working on next year

He said his departure had been planned from the beginning of the National Economic Forum - the predecessor of Nedlac - since the second phase needed a different person with different skills

"I am very pleased that we have built up something very special that nobody could have imagined in 1994 was going to work

"We have very been capable in terms of our input," he says

"We received comments from all over the world from people who are amazed by this system"

Naidoo's successor will be working with a ready-made team and an extremely good secretariat that knows how to manage social dialogue better than any other Government ministry or agency in South Africa

Taking part in Nedlac 'could create tensions' within unions

PD 22/12/98 (1998)

Writer compares challenges of SA and German labour movements

Reneé Grawitzky

PARTICIPATION in the National Economic Development and Labour Council (Nedlac) offered the labour movement channels of influence but could create tension between union leaders and members, a German trade unionist said.

IG Metall representative Wolfgang Schroeder said in the latest edition of the SA Labour Bulletin that such tension could develop especially in the context of government's macroeconomic strategy and high unemployment levels.

The German labour movement, he said, faced problems similar to those in SA, in order to "re-achieve or continue the success of the German model" of high employment and wage levels coupled with a comprehensive social security system.

German unions could not continue with the given structures and policy patterns due to changes in the country and the same was true for SA unions, he said.

In the SA context, opposition to partnership models was laced with the fear that union leaders would cease to be accountable to members and that such processes would have a negligible influence on the transformation process, he said.

He said unions had to make a contribution towards the consolidation of democracy which corresponded with their own understanding of a social movement.

Unions had to secure influence and authority in social and economic policy making, which posed its own contradictions. "This requires co-operation with government and business," Schroeder said.

He challenged a position put forward by Glen Adler published in an earlier edition of the publication that social partnerships were a "dead end for labour".

Schroeder said social partnerships did not mean the end of the labour movement.

"Rather, it could be a platform to move towards changing the status quo," he said.

Adler, he said, argued that German and other European models of co-operation were no longer a way of transforming capitalism. However, institutions for social partnerships became ends in themselves rather than means for transformation.

Schroeder said it would be inadequate and misleading to reduce the German model to "the ideology and practice of social partnership". German capitalism and the role of unions could only be understood if the interrelation of "ideas, interests and institutions is understood".

In Germany, social partnership and conflict were not opposites but rather "two sides of the same coin".

Some observers, he said, believed the German model had reached its limits while others claimed that the highly flexible performance capacity of the model

could provide new answers.

Currently, unions and employer organisations faced major challenges as a result of the move towards decentralisation.

This was coupled with an intensification in global competition and technological change and the rise in smaller businesses.

Schroeder said the relationship between the works councils and unions was also becoming more difficult and complex with the evidence of a decline in union influence in the company.

"Union influence is reduced not only because companies have other priorities, but also because white-collar workers are less prepared to associate themselves with the union," he said.

The reunification of Germany also applied pressure on the sustainability of the German model of co-determination.

Ultimately, he said, the sustainability of the German model depended on state support on the one hand and ensuring a strong union membership base on the other. The basis of a strong union was strong member organisations, which represented long-term interests and could institutionalise any gains made. To achieve this, unions had to remain politically independent.

"They can co-operate with the state and employers, but co-operation should always allow participants to quit at any particular time."

Nedlac's role will not be downgraded, says Pityana

Renee Grawitzky (132)

DELAYS in appointing a new executive director for the National Economic Development and Labour Council (Nedlac) did not mean there were moves to downgrade the council's functions, labour department director-general Siphon Pityana said yesterday.

Pityana's comments came in the wake of concerns of parties in and outside Nedlac that appointing a successor to former executive director Jayendra Naidoo was taking too long. They feared that the delay could be linked to moves by government to reduce the council's influence.

Pityana conceded that fears that Naidoo's departure would lead to changes were not unfounded. "What is inaccurate is the conclusion drawn that Nedlac would be downgraded."

Pityana said the delay was caused partly by the need for the social partners in the council — government, labour, business and community representatives — to evaluate Nedlac's future role.

This would determine the type of person needed to lead the organisation. The role of a new executive would have to be different from that required in the formative stages of the council.

Pityana said Nedlac would shift its em-

phasis from social dialogue to social partnership. This would require an executive director with different skills.

Acting executive director Wendy Dobson agreed with Pityana. She said the challenges for a new executive director were different to those Naidoo faced.

Dobson said the appointment would also depend on how Nedlac evolved after this year's elections.

Meanwhile, sources said no suitable candidates had applied for the job yet. The sources said the institution needed someone with stature and credibility, a person who would enjoy the respect of all the Nedlac parties.

Speculation on a possible replacement has been rife. Some hope labour department deputy director-general Les Kettleidas will get the job. However, Kettleidas, seen as a highly suitable candidate and respected by all parties, said yesterday he was happy in his current job.

Possible candidates include Dave Lewis, acting head of the Competition Board, and Gauteng finance and economic affairs MEC Jabu Moleketi.

Labour, government, business and community negotiators meet at Nedlac today in Cape Town to discuss progress made in implementing agreements at the presidential job summit on October 30.

LABOUR POLICY

Expect more debate than action

ET (BR) 10/2/99

(122)

EMMA THOMASSON

The next South African government will face a fierce tussle with trade unions if it tries to increase labour market flexibility after the elections in May, according to analysts

This warning comes after President Nelson Mandela and Thabo Mbeki, his deputy and heir-apparent, made comments in recent weeks suggesting that labour market policy needed reviewing to help boost growth and create jobs

While investors and business would welcome more labour market flexibility, trade unions are likely to put up a fierce fight to protect hard-won worker rights. Analysts do not predict any significant policy revision before elections

Since the ANC came to power in South Africa's first all-race elections in 1994, the party has championed a raft of labour legislation aimed at reversing decades of exploitation of workers under apartheid

But businesses say the legislation is deterring foreign investors and strangling job creation in an economy where unemployment is running at

about a third of the workforce

Mbeki, who is expected to succeed Mandela, appeared to answer their prayers last month. He believes labour legislation should be revisited by government, business and trade unions

"We need to have a look at and discuss all these issues of labour market flexibility to ensure the labour relations framework is consistent with the overall objectives of growth and development"

Mandela reiterated this sentiment last week in his final State of the Nation speech before retirement. He said while labour laws were a triumph for human rights, labour policies and the investment rate had to be continually evaluated to ensure job creation and poverty reduction

But radical changes to increase labour market flexibility look unlikely while the ANC remains dependent on its alliance with the powerful Cosatu union federation

The ANC's first piece of labour law was the Labour Relations Act, which entrenched the right to strike and set down mechanisms to resolve disputes in the workplace

Former Labour Minister Tito Mboweni, who takes over as governor of the Reserve Bank in August, then backed legislation setting minimum conditions of employment, including a 45-hour working week and minimum maternity leave

His successor, Shepherd Mdladlana, last year steered controversial affirmative action legislation through parliament after a bill promoting skills development

Mbazima Shilowa, Cosatu's secretary-general, said legislation should not be reviewed when the ink was barely dry

"No revolutionary would want to review what is yet to come"

Guy Mhone, the chief director of labour market policy, said the labour department was preparing a document on the labour market as part of the formulation of a new five-year national plan and a review of the past five years

"The current position in the department is one of fine-tuning and refining labour market policy. However, I don't think there will be drastic changes"

Analysts said that while Mbeki might be signalling his

intentions for after the election, the issue would stay on the back burner or behind closed doors for the next few months

"It would not be a very good electioneering strategy to aggravate one of your social partners," said Brian Allen, a labour consultant with Andrew Levy & Associates. "However, this could be one of the first jobs of the new government"

"It would be a very, very heated debate. The unions would put up a fight and business would go for broke"

Raymond Parsons, the director of the South African Chamber of Business, said while no specific changes to labour law were likely before the election, a debate could get under way

"Business and investor perceptions of the labour market are negative, and we need to address those aspects which are of the greatest worry," Parsons wrote in a recent article

"The overall system has to make it worthwhile to create employment. We need to review why this does not seem to be the case in many instances. The debate is urgent, and it should start now" — Reuters

René Grawitzky

THIS year's elections are likely to trigger increased strike action as unions use the opportunity to flex their political muscle, according to Andrew Levy & Associates' 1998/99 annual report

The report, which was released yesterday, predicts also that wage settlements this year will average about 8% (with an inflation rate of between 7% and 8%) compared with

'Tortuous' wage talks, more strikes expected this year

8.6% last year

The report warns that employers are likely to push for the lowest average wage increases since the recession of the early 1990s, while unions are likely to push for higher increases as inflation and interest rates will probably be at cyclical highs for the "greater part of the

period mid-1998 to mid-1999"

Levy researcher Jackie Kelly expects the round of wage talks this year to be "unusually tortuous". Strike activity could be as high as last year, spurred on by the fact that the country was in an election year

The report said public sector workers and leaders, in particular, could try to exploit government's "typical pre-election unwillingness to alienate any significant chunk of its potential support base". Kelly said one-day demonstrations and city-centre marches could be a feature in the second and third quarters of the year

Strike action could also be linked to employers' growing resistance to centralised bargaining, while the wage differential clause in the Employment Equity Act could translate into "bargaining confrontations"

The report warns that high wage demands over the past years — as well as increased employment costs arising out of new labour legislation

BD 24/2/99 (132)

— appears to have encouraged a large number of employers to "economise as far as possible on the number of workers on their payroll". The macroeconomic implication of this was that average productivity increased but with 5% less workers employed in the formal sector last year.

This trend is likely to continue this year, with companies moving increasingly to capital-intensive modes of production

Economic turmoil to add to wage talk stresses

FRANK NXUMALO (132)

ET (PR) 24/2/99
LABOUR EDITOR

Johannesburg — Labour and management's tendency to respond to economic performance over the past 12 months would create the potential for unusually acrimonious industrial relations in 1999, Andrew Levy & Associates, the labour law specialist, said yesterday

Andrew Levy yesterday released its 17th Annual Report on Labour Relations in South Africa 1998-99, in which it said that from a peak of 9 million worker days lost at the height of the state of emergency in 1987, strikes had levelled down to 2,3 million worker days lost at the end of last year.

But this figure represented a sharp upward swing compared with 1997's 650 000 lost worker days. The trend was now expected to continue upward.

Andrew Levy said the main problem was that the business stance on wages and salary increases was usually shaped by the profit growth of the previous 12 months. Profit growth was expected to be at a cyclical low by the middle of the year — the height of the central bargaining season.

"Thus the business sector will probably push for the lowest average rate of wage increases since the recession of the early 1990s," said Jackie Kelly, the research consultant for Andrew Levy.

"In the public sector, too, financial leeway will be heavily constrained by the pressure which recent high rates and low economic activity have placed on the finance minister's budget deficit figures.

Union demands, on the other hand, tend to be shaped by the behaviour of inflation and interest rates through the preceding 12 months.

"For the greater part of mid-'98 to mid-'99 both inflation and interest rates will have been around cyclical highs. Consequently, this year unions could push for the highest rate of wage increases since the early 1990s."

Business thrust for low wage increases was expected to be softened by the prospects of better economic conditions towards the end of the year, while labour's militancy would be dampened by the national crisis in unemployment.

The outcome of this year's central bargaining season was therefore expected to lie midway between the two extremes. As a result, a wage increase of 8 percent a worker in South Africa in 1999 was forecast as the most reasonable average.

The expected Aids-related deaths of between 50 000 and 100 000 currently employed workers could neutralise the positive spin-offs from the jobs summit agreements, Andrew Levy warned.

Economic turmoil to intensify wage talks, says Andrew Levy

(13a)

FRANK NXUMALO

CT (OR) 24/2/99

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financial leeway will be heavily constrained by the pressure which recent high rates and low economic activity have placed on the finance minister's budget deficit figures. Union demands, on the other hand, tend to be shaped by the behaviour of inflation and interest rates through the preceding 12 months.

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The expected AIDS-related deaths of between 50 000 and 100 000 currently employed workers could neutralise the positive spin-offs from the jobs summit agreements and the expanding public sector infrastructure spending, Andrew Levy warned. Not all of the deceased workers would be replaced.

Nedlac faces identity crisis

(132)

Sebastian 19/11/99

By Malcolm Ray

WHEN the National Economic Development and Labour Council was enacted as a statutory body, an ambitious agenda lay ahead.

Structured along the lines of its forerunner the National Economic Forum Nedlac had the lofty goal of uniting a seemingly insurmountable array of conflicting interests.

Its fundamental importance was the institutionalisation of a "tripartite" bloc comprising organised business, labour and Government.

In theory a unifying national consensus (initially based on the Reconstruction and Development Programme) between the three social partners on an economic growth path, the reshaping of the labour market and rural development initiatives squared with this objective.

The debate orbited around two interacting concerns: the power of the tripartite forum to ensure that responsibility for policy formulation should not befall Government, and the need to coherently shape a framework for long-term economic adjustment.

Four years on, the debate remains largely unresolved. As analyst Hein Marais recently put it "Far from having dissolved into a fraternity of common purpose tranquillised by the levelling language of nation-building, South Africa is in the midst of a renewed crisis."

Indeed, the virtual absence of common ground on key aspects of economic policy between labour on the one hand, business and Government on the other accompanied by the creeping centralisation of power in the hands of the executive and Parliament, has placed Nedlac's integrity in peril.

Since the imposition of the Growth, Employment and Redistribution programme in 1996, a host of policy issues have bypassed the Nedlac process.

Prime examples are fiscal policy, the controversial health Bill and a trade and industry framework within which agreements with the European Union and the Southern African Development Community could be negotiated.

Despite the maturing of the process of social dialogue in the labour market chamber - a policy regime which is nearly complete - the economy is locked in practices of the past. Growth in the Gross Domestic



Nedlac business convenor Raymond Parsons.



Labour director-general Siphso Pityana.

Product (0.2 percent compared to Gear's target of five percent) and redistribution are wanting.

Unchanged inequities in the labour market, an increase in the unemployment rate from 31.5 percent in 1994 to 37.6 percent in 1997, a net capital investment decrease from R11.2 billion to R4.3 billion over the first two quarters of 1998, a decrease in the value of the rand by 20 percent and an inflationary spiral from five percent earlier this year to 9.5 percent at the year-end conspire to further complicate the picture.

These towering challenges are dismaying Nedlac's limited scope to radically change social economic and ideological divisions built up under apartheid now confounds its future.

At issue is the extent to which vested socio-economic interests are constrained by the process. Notwithstanding the untimely closure of debate on economic policy - a move which visibly damaged the status of tripartism - powerful forces continue to jostle for ideological hegemony at the level of detail.

The consequences have been tumultuous. Nedlac spokesman Aubrey Lekwane explains, "often fueling tensions between the parties during negotiations on labour market policies."

A concern highlighted at a Congress of South African Trade Unions special congress lends credence to this assertion. The federation noted that pivotal decisions on a broader economic strategy has been the prerogative of Government, restricting Nedlac to

the nuts and bolts of policies.

Cosatu's affiliates are less sanguine. At the sectoral and industry level, seething frustrations at patchwork compromises reached in Nedlac's labour market chamber are gaining ground.

Both the South African Municipal Workers Union and the National Union of Metalworkers have on occasions cried foul over the "domesticating role" of Nedlac as an institution manifestly structured in favour of business.

Nowhere is labour's frustrations more apparent than in the spectacular rise in levels of industrial militancy during last year's wage bargaining round.

The alleged failure of employers to deliver their side of wage-productivity trade-offs at the auto industry level partly accounts for the rise in militancy. For its part, business would appear to favour discreet bilateral engagements with Government rather than submit key concerns to laborious negotiations in Nedlac.

The rationale for business's preferred route might lie in Government's cowed stance on aspects of economic policy, a curious irony given the historical alliance between Cosatu and the African National Congress.

This subtle realignment of economic and political forces is not surprising in light of the convergence of interests in recent years between Government and business.

It is for this reason that the South African Chamber of Business, still

regards Nedlac as an important area of decision-making, "provided it does not become an ideological battleground."

As Raymond Parsons, Nedlac's overall business convenor has argued, "The first prize would be if Nedlac operates in ways which enables Government to make realistic and sensible economic policies."

In short, Nedlac is perceived either as a solution or problem for business depending on labour's subservience to the macro-economic parameters contained in Gear.

Clearly Nedlac remains a contentious site of engagement. The question that must be asked is: Can it rise to the occasion as a consensual framework for restructuring and managing the economy?

Or is it an aberrant construct of the post-1994 political drama, whose purpose beyond stabilising labour and business around Government's economic strategy is obsolete?

In the absence of a national consensus, Government's stance comes as no surprise. Its inclination is to "downgrade" Nedlac's status.

Guy Mlomo, deputy director of Government's labour market chamber confirms this view. "It stands to reason that the progressive normalisation of democracy beyond the 1999 elections would push Parliament to the fore as the prime arena of debate and decision-making."

At present, the Nedlac Act binds the Ministry of Labour to a mandatory process of consultation between the

social partners. Recommendations in the form of written submissions are made to Parliament for debate before a Bill is enacted or a policy decision is made.

Whom's main concern points to a consistent refrain from Government - that the laborious tripartite process invariably encroaches on the core business of Government to govern.

His view is shared by labour director-general Siphso Pityana, who recently stated that a pre-parliamentary debating chamber is a luxury the country cannot afford.

It is still not clear what precise role (if any) Government envisages for Nedlac, however.

Although there is clearly a strong case for abandoning tripartism, it is a moot question whether a retreat to the authoritarianism of the apartheid government and adversarialism as an alternative form of engagement between business and labour is desirable.

While it is reasonable to assert that the dismal record of tripartism in recent years is a sure sign of its failure, Nedlac's demise is more likely to pose problems than solutions.

The challenge might well be to redefine the parameters of tripartism, according to Lekwane. He is emphatic that there is "nothing fundamentally wrong with the nature of tripartism."

The solution, he argues, lies in a reconfiguration and invigoration of Nedlac's structure, representivity and articulation of interests.

In coming years Lekwane says the interests of the community and rural sector would have to be included in formal participation in the Nedlac process.

The lack of clarity on the relationship between the Nedlac process and the political process is another challenge. In recent years it has virtually groaned under a weighty policy agenda, often causing anxiety over its effectiveness.

A clear synergy between the Nedlac timetable and the Parliamentary process could avoid undermining the institution.

Finally, a compulsion on the part of the parties could ensure that Nedlac is given pride of place in debates around socio-economic issues.

Ultimately, the democratisation of the economic system will stand or fall on the concretisation of the concept of social partnership. Lekwane says



Nedlac to develop strategy for future

FRANK NXUMALO

LABOUR EDITOR

Johannesburg - The National Economic Development and Labour Council (Nedlac) would hold a special executive council session or workshop on June 24 and 25 to develop a vision and strategy for the institution over the next five years, Nedlac's management committee, which met in Johannesburg yesterday, said.

The dates for the workshop had been chosen to allow the new ministers of finance, trade and industry, labour and public works who sit on Nedlac's executive council to attend.

Jennifer Wilson, the representative of Nedlac, said the post-election Nedlac executive council was likely to see some changes, with labour delegates Mbhazima Shilowa, Connie September and John Gomomo leaving the labour movement for political positions - while Business South Africa

had indicated that Raymond Parsons, overall business convenor at Nedlac, would continue in his role after his retirement from Sacob in June.

The appointment of a new executive director to succeed former incumbent Jayendra Naidoo had also been postponed until after the election.

Nedlac's overall convenors and acting executive director would represent Nedlac at the sixth international meeting of economic and social councils and similar institutions to be held in Mauritius from July 1 to 2, the last such meeting was in Venezuela in March 1997 and was attended by a similar South African delegation.

Such meetings are co-ordinated by the French Economic and Social Council, which has been in existence since 1947. Nedlac hoped to forge closer relations with its southern African counterparts at this meeting.

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Nedlac said its labour constituency had appointed a new delegation to the public finance and monetary chamber, headed by Nell Coleman of Cosatu.

The chamber held a workshop on April 29 to discuss openly the problems this chamber has experienced in the past six months, and to find ways to overcome them. The government, labour and business committed themselves to ensuring that senior delegates attend.

The management committee supported recommendations on demarcation applications with respect to the Hairdressing and Cosmetology Services Bargaining Council and the Bargaining Council for the Jewellery and Precious Metal Industry.

The committee also recommended that Nedlac begin looking at buying its own building because as a statutory body it is obliged to be permanently housed, but would extend its lease for a further three years.

COSATU 'Weaknesses' of labour agreement include parastatal regulation

NFA becomes 'struggle site'

ET (PR) 14/11/99 (192)

FRANK NXUMALO

LABOUR EDITOR

Johannesburg - The executive committee of Cosatu agreed yesterday to use the National Framework Agreement (NFA) as "an important site of struggle" by renegotiating its renewal with the government.

The NFA was a 1996 bilateral agreement between the government and Cosatu. It was negotiated under the auspices of Nedlac to accommodate the concerns of the labour federation on the issue of restructuring state assets.

The agreement technically expired at the end of April.

"We would be abdicating our duty if we dismissed such an important instrument of engagement on our members' behalf," said Zwelinzima Vavi, Cosatu's general secretary.

"The NFA is one of many instruments available to Cosatu to block unilateral restructuring of the parastatals, driven exclusively by parastatal management without proper consultation with the workers affected. Such restructuring has often led to massive job losses and privatisation."

Vavi said Cosatu would renegotiate the deal under a new framework, because a recent workshop had identified



TALK TIME Zwelinzima Vavi, the general secretary of Cosatu (left), and Mukoni Ratshitanga, its spokesman, say the National Framework Agreement must be renegotiated. PHOTO: JELVHITAIT

weaknesses including the lack of clarity on its legal status.

"The NFA exists alongside other legislation regulating the parastatals," said Vavi.

"Thus, while it can be argued that the NFA is a binding legal agreement, differences of interpretation mean a court of law might see it as having lesser precedence than other legislation passed by parliament to

regulate the parastatals."

He said another weakness of the NFA was that it was not inclusive.

"While the NFA was signed by the national government, its scope and practical functioning left out state owned enterprises within provincial and local governments. This weakness has been only partially dealt with through the signing of the local

government framework."

He said a task team would look at tackling those weaknesses. He warned that Cosatu was "ready to respond to the threat of job losses in state-owned enterprises."

"Cosatu is firmly opposed to privatisation and would not stand idle while thousands of its members lost jobs as they did last year."

Workers: vote for ANC

(132) *Summit 17/5/99*

ONE feature of mainstream media in a capitalist society is to present major economic questions largely from the standpoint of the capitalist bosses at the expense of the workers

South African media in general are no exception. In the process the role of the working class, and organised workers in particular, in the national liberation struggle is deliberately distorted.

The working class normally gets accused of being responsible for unemployment, "rigid" labour laws and all other ills of a capitalist economy.

It is proper therefore that as we move closer to the second democratic election, we reinforce the leading role of the working class in our unfolding democracy.

And, in addition, to argue why a workers' vote for the African National Congress (ANC) is essentially part of advancing the working class struggle.

The working class, in particular its black component, has played a central role in the struggle for democracy. In fact, without the leading role of the working class in the struggle against apartheid, there would be no democracy in South Africa today.

Within the working class, organised workers have been the leading detachment in the struggle for democracy. It is this strategic importance of the working class in our struggle that led the ANC to place working class bias at the centre of its strategy and tactics as well as the entire transformation programme.

The working class continues to be the most important and numerous sector of our society that is uniquely placed to lead the process of fundamental economic transformation, deepening non-racialism, gender equality and nation-building.

It is the working class that effectively unites, in its own ranks, urban and rural components, different racial groups, men and women, and its majority has the deepest hatred for any form of oppression and exploitation.

It is for this reason that parties opposed to transformation have prioritised the working class in their attacks. Part of the attack is the claim that organised workers have no interest in tackling unemployment, but is only concerned with its own narrow interests. This is nonsense.

Progressive trade unions in this country have over the years played an important role in job creation. They have, for instance, been involved since the 1980s in a variety of employment-creation cooperative experiments to provide for the unemployed.

The unions were essentially behind the Reconstruction and Development Programme, and also played a pivotal role in the Jobs

The working class must align itself with the tripartite alliance so as to impact positively on South Africa's economic policy, writes **Blade Nzimande**



Former Cosatu boss Sam Shilowa. Progressive trade unions have played an important role in job creation.

Summit. In addition, unions initiated the job creation fund and put forward numerous practical proposals to ensure social equity and job creation.

All this is because the majority of South Africa's workers have always located their struggles within a broader transformation programme aimed at economic development and job creation.

Tantamount to hysteria

One common denominator that binds all the opposition parties together is their anti-working class and rabidly anti-worker position, almost tantamount to hysteria and barbarism.

Parties like the Democratic Party have essentially become the new right wing in South African politics and Tony Leon the chief shop steward of the bosses and some of the most reactionary and backward elements of white society.

Even parties like the Pan Africanist Congress are opportunistically calling for the banning of unions for a period of three years.

The Inkatha Freedom Party (IFP) has boldly

stated that were it to come to power, it would smash the unions in the same way that Margaret Thatcher did in the United Kingdom.

The United Democratic Movement has also been involved in promoting worker formations aimed at destroying progressive unions, in the same way as the IFP has been doing.

The National Party, even on its deathbed, is trying to breathe life into itself through anti-working class postures.

The ANC-led government has proved to be the only government best capable of representing the interests of the workers.

The achievements of the ANC government have been to the direct benefit of the working class and the poor: electricity, houses, clinics, clean water, phone connections and progressive labour laws, including skills development and the elimination of racial and gender discrimination in the workplace.

It is for these reasons that the South African Communist Party (SACP) is calling on all workers to vote for the ANC, in order to accelerate worker-friendly transformation.

Contrary to what our ultra-left detractors normally say, a vote for the ANC by workers is not a blank cheque to the ANC. It is because of the record of the ANC in government, of which the working class is an important part.

It is only if the working class immerses itself in the current transformation struggles both inside and outside Parliament that its weight will be felt throughout South African society.

It is also through the strengthening and deepening of democracy under the hegemony of the working class that a firmer foundation is laid for socialism.

Our detractors also ask why should workers vote for an ANC that is pursuing the Growth Employment and Redistribution policy. It is only within the ANC-SACP-Congress of South African Trade Unions alliance that effective debates are taking place about an appropriate macroeconomic policy.

In any case, we are not a macroeconomic alliance, but a revolutionary alliance made up of independent formations that do not shy away from internal debate and engagement.

By locating itself within the ANC, rather than in some ultra-left armchair, the working class can make its vote count and impact positively on economic policy.

(The author is the general secretary of the South African Communist Party.)

Farm workers' rights 'violated'

Old habits die hard in spite of positive changes in the country, says trade unions survey

(177) (177)
BD 11/6/99

Reneé Grawitzky

GENEVA — SA farm workers continue to face violations of their trade union rights despite the implementation of the Labour Relations Act, a report released by the International Confederation of Free Trade Unions in Geneva said yesterday

The report on violations of trade union rights in 119 countries also found that 123 trade unionists were murdered last year alone, the majority being in Latin America, while 3 660 were arrested and 21 427 workers dismissed for trade union activities

In SA, workers were arrested and beaten last year while protesting for better working conditions at Maswir Boerdery farm in the Northern Province. The organisation said "old habits die hard" in SA and, despite all the positive changes, existing laws still allowed arrests of protesting workers

The report highlighted violations in 47 African countries

Speaking at the launch of the report, the organisation's general secretary, Bill Jordan, said as globalisation and the intensification of international competition continued trade union rights around the world would continue to be undermined

He said it was regrettable that as the century neared its close, the report indicated that governments continued to undermine human and worker rights, while rights already won were now beginning to be eroded

The report highlighted Burma, China and Colombia as being the "major black spots for trade union rights"

Many countries in the Middle East, such as Saudi Arabia, Bahram and the United Arab Emirates, banned trade

unions altogether

The deepening world financial crisis was continuing to have an impact on workers in countries such as Korea and Indonesia

The organisation's report found that the crisis for trade unionist was a direct reflection of world events

"Flashpoints between workers and governments or employers frequently arise when workers protest against government austerity measures, or job layoffs brought about by the global economic crisis"

This was seen last year in a number of Asian countries as well as in Russia, South America and Africa

Discussion at the International Labour Organisation (ILO) conference revealed that the social impact of the economic crisis in Indonesia had led to the loss of one in every four jobs in the formal sector of the economy, with the result that an additional 20% of the population now lived in poverty

Unemployment in Korea had increased fourfold

However, in countries such as the US, where the economy is booming, the report said the right of workers to organise or strike was not adequately protected in the law

"The law is unable to protect workers when the employer is determined to destroy or prevent union representation," the report said

It was estimated that one in 10 union supporters campaigning to form a union was illegally dismissed

The report was released to coincide with the 50th anniversary of the adoption of ILO convention 98, relating to the right to bargain collectively

Jordan said that to date 34 countries had failed to ratify this convention

Management and unions accept more often other's legitimacy

Grant Crow

(132)

RELATIONSHIPS between unions and corporate SA are reaching an interesting point. Traditionally interactions between the parties have been hostile due to the widely differing mandates held.

As has been the case in many other parts of the world, however, relationships mature over time to the point where both sides accept that the other has a legitimate role to play.

Typically, it is at this point that management stops trying to "bash" unions and unions revert less often to irresponsible strike action. Some far-thinking organisations and union bodies are now grappling with the next challenge — how to work together to successfully adapt to, and cope with, widespread and increased competition.

Essentially management is looking for greater productivity and flexibility in their work force while the unions represented are wanting to avoid any further erosion of their membership bases (and therefore revenue and power) through job losses.

Both sides have tried often enough to act from their traditional perspective to achieve these objectives. As these objectives have often been viewed as mutually exclusive, it has been almost impossible for the parties to work together.

What are the options though? Some SA organisations such as Eskom have created "councils" or formal board-level structures to ensure key stakeholders are adequately represented.

Although in Eskom's case the council is not a token structure, it was seemingly powerless to prevent significant damage to the company's property when unionised workers went on the rampage last year.

Others are considering radical new industrial relations structures. There appears to be a realisation on the part of management in these organisations that this will require management

giving up some of its previously unassailable prerogatives. However, if these scattered initiatives to increase competitiveness — and therefore retain jobs — are to succeed, then significant capacity has to be built within unions and management structures alike. Capacity in this sense does not refer exclusively to functional competencies such as understanding financial issues in the requisite depth, but also to the ability of both sides to confront their own world views.

These need to be examined critically in the light of international best practice and a new synthesis developed that is relevant to the daunting requirements of today's SA.

Typically, management has reasonably well-developed traditional managerial competencies, for example, financial skills, planning, controlling, etc. Unionists tend to have natural leadership abilities combined with an appreciation of what makes the SA worker tick. Both parties need to possess both of these sets of competencies if anything is to be achieved.

Collaborative learning is one way to do so. If individuals can be stretched and this stretch can be linked in an appropriate way to the achievement of departmental objectives, the solution is near at hand.

Ramming "this is how capitalism works" down unionists' throats has not worked. Both parties need to enter a mutual learning process wherein they genuinely believe that they can learn, develop and contribute to a common purpose. Collaborative learning is about using all the perspectives and competencies available to make progress on key issues of mutual importance in a non-threatening learning environment.

In the process mutual trust and respect emerges and this energy can be channelled to the greater good.

□ Crow is MD of the Kagiso Leadership School

BD 17/6/99

New bargaining council formed

FRANK NXUMALO

LABOUR EDITOR

Johannesburg - The first centralised bargaining chamber in a labour relations structure under the new Labour Relations Act was effected yesterday after the labour department finally agreed to register a statutory council for the printing, newspaper and packaging industry

The move comes after almost two years of opposition from other unions in the industry

The council can now negotiate every working condition for workers but falls short of being a fully fledged bargaining council.

The Chemical Energy Paper Printing Wood and Allied Workers Union, the South African Union of Journalists and the Media Workers Association of South Africa had objected to the establishment of the council

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because they wanted to create a centralised bargaining structure for the industry.

The department also initially refused to register the council because the constitution of the South African Typographical Union (Satu) - the main protagonist of the application - did not fully comply with the provisions of the Labour Relations Act.

The department instructed Satu to comply before its application could be considered

At its centenary celebrations last May, Satu said the registrar of labour relations had advised it that its constitution fully complied with the act. Satu's application for the establishment of a statutory council for the printing, newspaper and packaging industry was subsequently published in the government gazette.

The unions' objections after the notice was published in the

government gazette forced both parties to give evidence before the Demarcation Committee of the National Economic Development and Labour Council

Satu had to explain why it believed the newspaper and packaging industry should remain defined as it had been over the years. The objecting unions had to justify the industry's inclusion in a larger bargaining structure which included pulp, paper, wood furniture and forestry, and why they wanted that included in one main council with a number of subsectors

Satu said it "could not accept this and wanted to remain as it had been, as it had proved to be an economically viable sector over a hundred years"

It also felt the similarities between the trades and occupations in the industry justified retaining the status quo

New body will boost dialogue

Reneé Grawitzky

(172)

GOVERNMENT, labour, business and community representatives from 30 countries meeting in Mauritius agreed at the weekend to form an international association of economic and social councils.

The aim is to strengthen social and economic dialogue.

The agreement comes against the background of a contribution by labour department director-general Siphos Pityana at the recent labour law conference in Durban. He questioned how tripartite structures were being managed.

The formation of an international association was endorsed by delegates at the 6th international meeting of economic and social councils in Mauritius.

National Economic Development and Labour Council (Nedlac) acting executive director Wendy Dobson said the association would promote an continuing dialogue between economic and social councils around the world. She said Nedlac and its Mauritian counterpart would engage with countries in the Southern African Development Community (SADC).

SA was appointed to the board of the new association.

BD 5/7/99

Government and unions have excellent relations

BD 6/7/99 ~~FRS~~ (1337) ~~FRASER-MOLEKETI~~

THE article "Government needs the support of unions" by Renee Gratzky (Perspective, June 25) provided an insightful but somehow unbalanced initiation to me in my portfolio as minister for public service and administration.

The article raises crucial questions on the public service negotiation process and the current wage dispute. However, it reaches conclusions that ignore the current public service transformation context and assumes that government is consciously interested in a showdown with labour unions.

There is widespread recognition that in the past five years government has been successful in developing policy frameworks that meet the challenges facing our country. As we enter the second phase of democratic rule, there are renewed expectations that the new government will not only speed up delivery of services but do so in a manner that restores public confidence in the efficiency and effectiveness of the institutions of gov-

ernment. It is this sense of urgency which characterised President Thabo Mbeki's state of the nation address, where the recurring theme and emphasis was the need of government to accelerate delivery of services in the context of a "pro-poor" development focus.

The expected acceleration in broadening access to services and improvement in quality of service delivery is an outcome that can be achieved only by a dynamic, efficient and effective public service. The introduction of the public service management framework, the current services delivery and skills audit as well as the Public Finance Management Act is expected to expedite the transformation of the public service.

In this context, government, through the department of public service and administration, will soon be developing additional proposals to speed up the skills audit process and resolve the key issue of rightsizing in the public service.

The new government even with the best of intentions requires the support of organised labour to ensure there is rapid implementation of current policies. The broadening of access to services to previously disadvantaged communities and improvement in the delivery of services is an outcome that organised labour is and should be interested in.

Government, as has been demonstrated in the past five years, values the contribution of organised labour in the public service transformation. This has been shown through the work of various institutions and initiatives like the National Economic, Development and Labour Council, the jobs summit and other sectoral initiatives.

Disputes on salary matters, as the Labour Relations Act provides, will arise occasionally in the public service as in corporations. The mere existence of a salary dispute does not therefore indicate a serious breakdown in negotiations. Indeed the government, as employer can point to considerable progress in negotiations in general. We have developed major areas of co-operation with our employees. Critical areas include:

- Agreement on new codes to govern discipline and incapacity which mark important steps to enhance the efficiency of the public service. These codes replace the outdated and arcane procedures formerly included in the Public Service Act. The incapacity code was adopted in principle just last week.
- These codes demonstrate the common determination of employer and employees in the public service to bring about transformation and improve service delivery for all South Africans.
- The progress of the service skills and personnel audits initiated last year show our commitment to restructuring the public service to meet new imperatives.

Through the public service bargaining chamber, organised labour is intricately involved in assessing the labour relations implications of the various sectoral and departmental management plans.

- Finally, a further example of progress in the negotiations has been the initiation of a joint review of benefits and allowances to ensure greater equity and more efficient incentives. The recent agreement to reduce the employer contribution to employee pension funds to accord more closely with private sector norms is another such example. The latter agreement alone released around R450m a year to improve service delivery.

These successes demonstrate maturity on both sides of the negotiating table. Contrary to speculation by unnamed "observers" in the article, neither side wants an unnecessary test of strength. Rather, our recent agreements demonstrate the ability of the state, as a collective employer to move forward with public service unions in transforming government to serve our people better.

That negotiations took place in the run-up to elections and were followed after the elections by major changes in the executive is unfortunate. The state as employer appreciates and will address the difficulties the consequent disruptions in negotiations have caused.

As your article pointed out, government employs more than a million people at a salary bill of R70bn a year. We therefore need to approach this matter with caution.

We reject the inference that government is negotiating in bad faith and in particular the insinuation that there are differences between government departments in these negotiations. Our intention is clear — the speedy delivery of services that will improve the quality of the lives of all South Africans.

Fraser-Moleketi is the minister for public service and administration

Social pact may help maintain stability

Union and business leaders cite Ireland's example, writes **Reneé Grawitzky** (192)

The joint march by mining bosses and trade union members at the weekend in Pretoria to lobby against gold sales was certainly an unusual sight. Marching will not prevent the sale of gold by central banks — nor save jobs — but this symbolic gesture of unity raises a flicker of hope that South Africans across the racial and economic spectrum can come together to rebuild the country.

No country is devoid of divergent views or interests. The extremes that exist in SA, however, make it more difficult to find common ground on how to take this society forward.

The country is undergoing an economic and social crisis. Joblessness is growing by the day. The National Institute for Economic Policy estimates that real gross domestic product (GDP) growth has risen by only 1.8% since 1996. Economists warn that without real growth of way beyond 6% the creation of jobs will remain a pipe dream.

The country can continue blaming the Asian collapse, instability of emerging markets or the International Monetary Fund's decision to sell gold for this dilemma.

Dennis Davis, a high court judge and former tax adviser to the African National Congress (ANC), says that despite the contemplation of various economic models the economy is in a deep structural crisis. He says SA has a history of knee-jerk reactions to economic crises resulting in the adoption of ad hoc measures to paper over the cracks.

It is no use, Davis says, to continue blaming apartheid for our economic woes. The country can also remain embroiled in debates about whether perceived labour market inflexibility is preventing growth and jobs, whether government's Growth Employment and Redistribution (Gear) economic policy is working, or whether business has embarked on what the Congress of SA Trade Unions (Cosatu) calls an "investment strike" — putting local investment on hold or going offshore.

These debates will lead the country nowhere, says Davis. The real issue is what are we going to do about it.

Influenced by a presentation at a recent labour law conference in Durban on the road to economic recovery, Davis believes SA can learn a number of lessons from the Irish experience.

Business convenor at the National Economic Development and Labour Council (Nedlac) Raymond Parsons says the Irish model did not happen overnight. The foundation for economic recovery was built over 10 to 15 years before the parties entered a series of agreements.

The Irish model is a type of social accord. Labour government business and the agricultural sector entered into four national agreements from 1987 onwards in Ireland.

Those agreements outlined jointly agreed upon priorities for growth and issues the respective parties would deliver on. The pacts were based on the premise that the private sector would drive growth and social policy issues such as tax reform (company tax rate is 12.5%), wage increases linked to inflation or below, commitments to health, education, job creation and social security.

Parsons says the Irish model, stripped of its packaging, is similar to Gear. The difference is that Gear was unveiled with ambivalence and was never packaged properly. Hence it became difficult to mobilise the country behind the effort.

Davis says the lesson SA can learn from the Irish model has less to do with specific content of agreements and more to do with the methodology used to implement them. The parties acknowledged Ireland was in a crisis and that drastic measures had to be contemplated. The eventual product was seen to be "owned by everyone," he says.

Gear is not "owned by everyone" and any attempt to consider a form of social contract as in Ireland would be viewed by the markets as an attempt to destroy Gear, he says.

Parsons says there are no quick fixes. Instead of making use of existing structures to build consensus in SA, and attempting to make them work, "we try to find solutions in the formation of other structures or processes from other countries," he says.

It would be expedient to draw parallels to the Irish experience but those circumstances were different. It is still unclear whether Ireland's revitalisation was based on national agreements or on the huge injection of capital from the European Union (EU) to push its advantage.

Ireland attracted foreign investment in

big dollops because it had a highly skilled workforce, was close to its main markets and provided huge incentives to foreigners to establish businesses.

It also used the fact that second only to Portugal within the EU its workers were cheapest to employ.

The idea of a social accord in SA is not new. It was proposed in the labour market commission report in 1996 and by commentators and others before and after.

A move towards the Irish model is, however, gaining some ground among a group of senior union leaders and businessmen who visited the country earlier this year.

They seem to agree that SA cannot build consensus until there is a shared analysis of the fundamental problems.

Strong opposition within these constituencies remains for different reasons. Some opposition is based on the belief that it would be more destructive at this time to consider a process that would involve trade-offs from all parties. Others say the price to be paid will be too high and parties will not have the power to commit their constituencies to deliver on agreements on trade-offs.

Vishwas Sagar, a policy analyst and researcher at the Co-operative and Policy Alternative Centre, is strongly opposed to "corporatism" as he believes it is destroying the working class. He says convergence or consensus cannot be engineered. Government should use the crisis to assert its agenda and lead, he says.

Parsons also believes government must lead and implement necessary policies along with required safety nets.

Centre for Policy Studies director Steven Friedman says societies that cope better with economic change are those that handle or reduce conflict between the winners and losers. Hence softening the blow for the losers might require a series of trade-offs. Societies, he says, are inclined towards "social compromises" in order to save something bigger.

What SA needs today are not only the symbolic gestures of joint marches — which might be a start. It has to build on such actions and gestures of conciliation. SA needs creative leadership solutions and proper implementation to grow.

It has been suggested that the presidential job meeting merely "linked" with the challenge at hand. Despite this it emerged

with 40 agreements, some of which are short-term measures to create jobs.

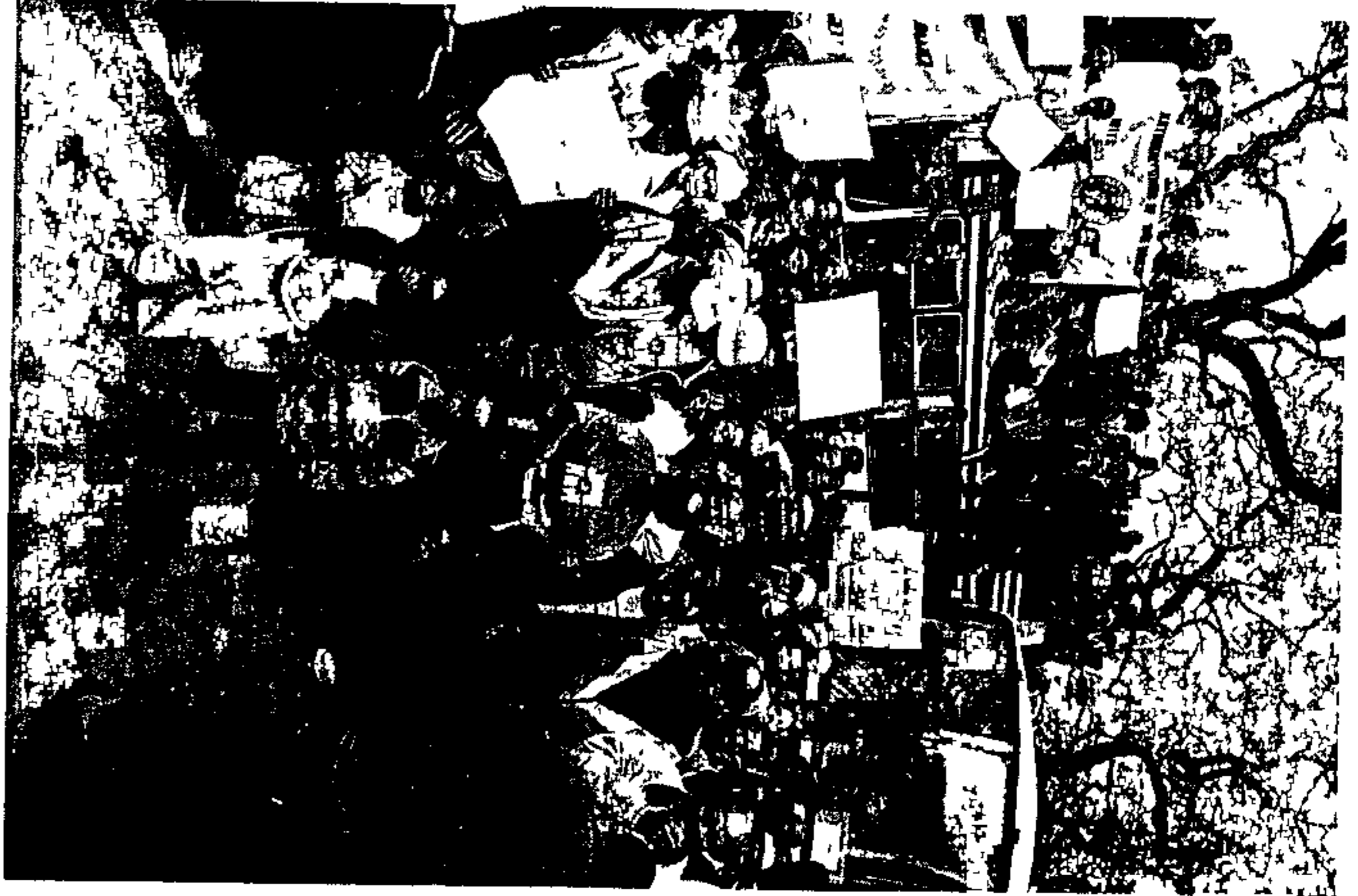
Nine months have passed since the meeting but there has been no communitication of the process of implementation. One would have thought that at a time when the economy is shedding thousands of jobs this would be an imperative.

Those opposed to a move towards a social accord are correct in being sceptical about considering a new social process

when government has yet to fully implement its economic strategies, such as Gear or agreements reached at the presidential job meeting.

As Friedman says to save something bigger labour government and business have to move beyond symbolic gestures.

The bigger "something" is the relative social stability that SA has enjoyed since 1994. The jobs crisis is a serious challenge to sustaining and enhancing it.



The joint march by mining bosses and unions at the weekend in Pretoria to lobby against gold sales was an unusual sight.

Picture: ROBERT BOTHA

Call for new labour partnership

By Mzwakhe Hlangani (132)

A NEW culture of "qualified partnership" between employers and workers is the key to development of the urgently needed workplace renaissance, Labour Department director-general Mr Siphos Pityana said yesterday

Skills development strategy, growth and development of the country's trade and industry should enjoy full support of both employers, workers and employer associations and trade unions, he told the "Investor in People conference" in Pretoria

A rising skill base was one of the keys to generating new targets and how to achieve them, he said. Investing in people meant increasing levels of investment in

education and training in the labour market, also taking full account of the broader social objectives

"Dependence on the mining industry, years of import substitution and tariff barriers have made us the victims of the past successes. As a result the country's competitiveness level ranked the lowest in the middle-income countries on innovation, profitability and responsiveness," he said

European Union consultant Ms Anne Kennedy said investing in people was now more than necessary since traditional core industries were negatively affected by the economic crises. Through skills development strategy enormous challenges for businesses in finding new markets, new products and penetrating global markets would be achieved

Plan to 'ease pain' of job losses

JOHANNESBURG: The government yesterday committed itself to easing the pain of unemployment and looming job losses in the parastatal and private sectors, announcing that its "Social Plan" would be introduced to soften the blow. The plan was negotiated among stakeholders at the Presidential Jobs Summit last year

"I am concerned about the current spate of retrenchments that is being anticipated within all sectors of the economy, particularly in the mining industry and in certain parastatals," Labour Minister Membathisi Mdladlana told a briefing in Pretoria

"Whatever the underlying economic reasons, the effect on the affected individuals and regions is severe, particularly in a context where employment is already way too high," Mdladlana said

About R3 million would be set aside to help the National Productivity Institute implement the plan, and details would be published in the *Government Gazette* today. The social plan outlines measures designed to prevent retrenchments, manage unavoidable job losses and help individuals affected.

Enterprises that found they had to retrench workers could

approach the Department of Labour for help.

Mdladlana said the publication of the social plan came in the wake of the promulgation last week of a code for the unavoidable dismissal of workers. The code places a number of obligations on employers to ensure that all possible alternatives to dismissal were explored

Mdladlana warned employers to comply with the code. "If we establish that the code is not adhered to or does not produce the desired effect, we will have to reconsider the need for amendments to the Labour Relations Act" — Own Correspondent

Cosatu praises Mdladlana on the tripartite Social Plan

CT(MR) 27/7/99. (335) (173) (132)

FRANK NXUMALO

LABOUR EDITOR

Johannesburg - Cosatu has welcomed the implementation of the tripartite Social Plan agreement and code of good practice on dismissals and retrenchments for operational reasons announced yesterday by Membathisi Mdladlana, the minister of labour.

"Well done, that is one of the measures that we had been demanding ... be speeded up as part of the Presidential Jobs Summit agreements," said Zwelinzima Vavi, the acting general secretary of Cosatu.

However, Vavi said Cosatu's demand remained that section 189 of the new Labour Relations Act, regulating retrenchments for operational reasons, be immediately amended to make retrenchment negotiations mandatory.

The plan was the result of two years of hard bargaining between organised labour, business and government at Nedlac, aimed at alleviating the high social costs of unavoidable retrenchments. In the past few weeks, more than 50 000 planned retrenchments in the private and public sectors have been announced.

The government sympathised with the plight of thousands of workers facing retrenchment and called on employers to speedily and fully utilise the tripartite social plan reached at last year's Presidential Jobs Summit and at Nedlac respectively.

"The combined effect of all of these retrenchments, if they take place, is an alarming increase in unemployment and poverty."

"Whatever the underlying economic reasons, the effect on affected individuals and regions is severe, particularly in a context where unemployment is already way too high," Mdladlana said.

The minister said the social



POINTED MEASURES Les Kettle (left) and Membathisi Mdladlana of the department of labour

PHOTO JOHN WOODROOF

plan sought to put in place three sets of measures or phases.

"The first set of interventions seeks to prevent retrenchments taking place at all; the second, to ensure that where they are unavoidable then they are managed humanely.

"Thirdly, where large-scale retrenchments have taken place, then (ensure) measures to assist the affected individuals and communities to find alternative forms of employment, or sustainable livelihoods, are in place," he said.

Mdladlana strongly recommended that in phase one employers and labour established

"future forums", which would put in place early warning systems to help the parties track problems and seek solutions to secure employment.

Future forums could approach a social plan technical support facility that had been established to help the parties with the technical analysis of operational problems they faced. An amount of R3,3 million had been allocated to the National Productivity Institute to manage the facility.

However, an affected company was expected to add to state subsidies by contributing to the costs of a such a process.

SA business is betraying its society

Only a strong tripartite alliance
will do, writes Vishwas Satgar

(1327) MD 5/8/99

The tightrope has snapped and the SA miracle is hurtling down to the ground face first. Since the truth commission SA behaves like a nation reborn. We behave as though our consciousness has been unshackled from a racist past and we now coexist in a normal society.

However, our quest for the truth is blunted and the market today sets limits on democracy, even electoral outcomes such as a two-thirds majority.

There is a deep-seated structural crisis in SA which took root in the seventies. It is incorrect to attribute the economic crisis to Thabo Mbeki's political style, or the advent of majority rule or a black government.

The cause of neocolonial creep in SA is the betrayal by South African business. During the past few years the ruling African National Congress (ANC) led alliance has tried to create the economic climate for business confidence and ultimately direct job creating investment. Major policy concessions were made.

The government, for instance, dumped its historical and programmatic commitment to radical land reform and nationalisation and adopted a set of policies that would liberalise, privatise and deregulate the economy, the market and business were imbued with the privilege and vanguard role of developing SA.

After five years of self-induced and probusiness adjustment policies, it is evident business is not injecting job-creating investment into the economy. SA is experiencing an investment strike.

More outrageous is the flight of capital from our shores in the form of foreign listings.

For SA to continue appeasing business spells disaster. Capitalism is failing in SA and it prompts the need for a reassessment of the state-business-labour relationship in the country.

Some third world societies (such as Cuba after 1959), when faced with a similar kind of reality opted to smash business and set up a revolutionary regime that placed the needs of its people at the centre of the socioeconomic order.

That option contemplated is not feasible for SA, however, primarily because the costs and destruction to the society would far outweigh the gains.

On the other hand, the more feasible option facing the country is for the SA state to lead business. After all, states can still make laws and repeal them. They can still enter into external economic relations and negotiate with forces acting on it and even reject them.

In the third world, authoritarian nationalists like Robert Mugabe of Zimbabwe and Mahatir Mohammed of Malaysia are using the state to defend the autonomy of their development projects from the whim of the global market.

In terms of the latter experience, many analysts are pointing to the success of closing the Malaysian economy to footloose speculative capital flows.

For SA the challenge to assert hegemonic leadership over society is fundamentally different. From a practical standpoint the time has come to consider the dismantling of domination by corporations, the main impediment for state led development in SA.

The institutional expression of this is the National Economic and Development Labour Council (Nedlac). Its functionality to democracy and our transition has reached the end.

It is a space for social dialogue between the "big three" — government, business and labour — in a context in which workers are being battered and forced to retreat or tail business.

While Nedlac's successes cannot be exaggerated, all the fanfare of its national jobs summit means nothing as workers are being spewed out of formal employment and unemployment queues grow longer.

However, ending Nedlac should not be viewed as the end of macropolicy engagement for labour. There is an institution that has greater relevance now than ever before and which provides an opportunity for social dialogue within SA — the tripartite alliance between the ANC, the Congress of SA Trade Unions and the SA Communist Party.

A vibrant and dynamic ruling tripartite alliance is an essential ingredient for the state to lead SA society beyond the crisis it finds itself. Anything short of this particularly class compromise politics, will not work.

V. Satgar is a policy analyst at the Co-operative and Policy Alternative Centre.

A year on, Nedlac is still rudderless

Reneé Grawitzky (132) BD17/8/99

THE National Economic, Development and Labour Council has still not found a replacement for former executive director, Jayendra Naidoo, who resigned almost a year ago.

The delay in appointing a replacement has caused uncertainty about the organisation.

Business sources said it was not good for an organisation like Nedlac to maintain momentum while "continuing in this manner".

Others asked whether the delay was an attempt by government to downgrade Nedlac's role.

Sources close to the process did not believe this was the case as there had been no attempt by government to change the Nedlac Act, which outlines its functions. In addition, Nedlac has recently been given the go-ahead to look for its own building, while President Thabo Mbeki is expected to address Nedlac later this year.

Labour director-general Siphso Pityana has acknowledged the delay in finding a new executive director "has caused some uncertainty".

The delays happened largely because the parties wanted to wait until after the elections as potentially suitable candidates, some of whom were MPs, had been identified, he said. This did not bear fruit and initial applications were found to be unsuitable. Pityana said the parties were now anxious to have the matter finalised.

He said the organisation needed a high-profile director. If that was not possible, consideration would be given to reviewing Nedlac's constitution to look for a high-profile chairman.

Earlier speculation on candidates included labour deputy director-general Les Kettleidas, parliamentary labour portfolio committee head Godfrey Oliphant and ANC MP Philip Dexter.

Cracks in tripartite alliance

ET 19/8/99 (132)

EDDIE JAYYA and ROBERT BRAND

CRACKS are emerging in the ANC-SACP-Cosatu alliance, with Cosatu accusing the government of union-bashing and the government claiming that the unionists lack discipline.

Cosatu has accused the government of bullying workers. The ANC has rebuked some "highly placed comrades" for agitating against the policies and actions of the government, saying they lack revolutionary discipline.

The cabinet has, in a clear challenge to public service unions, asked Parliament to accept a 4% increase for political office-bearers — well below the average increase offered to and rejected by the unions.

The announcement, made in Cape Town by government spokesperson Joel Netshitenzhe as

the Cosatu congress got under way in Johannesburg, was part of a firm response to public service unions' threats of strike action unless the government accedes to a 7,3% average increase.

The response made it clear that the government would not shy away from confrontation with unions and regarded fiscal discipline and broad social transformation as more important than the wage packets of a relatively small group of unionised public servants.

ANC chairperson and Defence Minister Patrick Lekota, addressing the congress on behalf of President Thabo Mbeki, said critical voices within the tripartite alliance should use its committees and councils, where their criticisms could be systematically analysed, tested and then adopted.

He added that an undisciplined approach by the unions

had a number of negative consequences, such as confusing the mass-based support of the movement, allowing exploitation of the situation by opponents and opposition parties, and creating a climate in which agents provocateurs could thrive and advance their "counter-revolutionary agendas".

At the Cosatu congress, outgoing acting Cosatu president Peter Malepe said the government's action bore the hallmarks of the anti-union bashers of the 1980s. He called on all those committed to sound labour relations to condemn the government action.

To loud applause, Malepe said "Instead of engaging the unions, the government took this extraordinary step which contradicts the International Labour Organisation convention on collective bargaining, which they have signed."

'Unions must abandon 1960s mentality'

FRANK NXUMALO

LABOUR EDITOR

Johannesburg - Two politicians, one reading himself to charge and the other reading himself to be attacked, reminiscent of the 1960s cartoonist Dave Marais, was how economist Tony Twine described the stand-off between the government and 800 000 public servants in a show

of trade union power not seen since the 1980s

"The stand-off has got to a point where either the irresistible force or the immovable object has got to be defeated," said Twine, a senior economist at Econometrix. "At the moment, government - the immovable object - has put its flag in the sand and told unions to take its offer or leave it

(132) ST (Bar) 24/8/89
"It's very difficult to see a reconciliation without one side or the other losing face. That is more important than the economics of the situation

"It's a case of who is going to make economic decisions. Between the government and the unions, at present, the gap is a very small one between the two. "Whichever side wins this particular dispute is going to

have a huge psychological advantage and will be able to influence policy decisions far more than before this particular argument started."

He said the unions could be more productive for both themselves and other participants in the economy, such as the unemployed, if they abandoned the 1960s and tried to create a new economy

Government reaches out to unions

Wally Mbhele

Minister of Labour Mem bathsi Mdaqlana failed to address the tension between the government and public sector unions over the wage negotiations deadlock when he spoke at the Congress of South African Trade Unions (Cosatu) special congress on Thursday.

Mdaqlana's approach was a departure from the hardline position that has been taken by a number of Cabinet ministers over the issue. He called for the establishment of what he called the 'workplace renaissance'.

As government we would like to see our laws bring equity and efficiency to workplaces. We want to see workplaces freed of discrimination, adversarial conflict and poor and unhealthy working conditions, he said.

However, secretary general of the South African Communist Party, Blade Nzimande, warned that the current public sector dispute may

end inconclusively. He said this poses an important question for Cosatu's congress to debate.

The challenge facing Cosatu public sector unions politically is how these unions support and strengthen our government without at the same time sacrificing the genuine and legitimate interest of their members, how do these unions advance their legitimate interests without undermining the democratic government?

Nzimande said it would be wrong for public sector unions to advance the interests of their members as if they were an opposition to the government, just as it would be wrong to mechanically support each and every government decision for its own sake. This he warned would turn these unions into sweetheart unions.

The resolution of these questions requires an open and frank debate by all of us in the alliance, said Nzimande.

Much as the immediate issue is a wage dispute, Nzimande said there

are broader political issues that will have to be dealt with.

But much more importantly, said Nzimande, the alliance must agree on a need for a new wage policy.

Much as the government is constrained by the budget, he said the same budget is an outcome of political choices that we have made in guiding macroeconomic policy which remains a subject of disagreement within the alliance.

Nzimande said the government could never achieve the transformation of the state and the public sector without the unions and principally Cosatu unions.

Any approach that is based on the fact that one without the other can advance transformation can only play into the hands of the enemies of transformation.

He stated a Sunday newspaper editorial which called on the government to take tougher action against the unions. He said that the editorial was mischievously trying to get the

government to act in a manner that would set a precedent and open a floodgate for bosses to smash the labour movement.

Workers are not just a cost on the pay roll but are a chief asset for transformation.

Our approach should also be that there is no contradiction between a living wage and productivity, and that we cannot expect only workers to be the ones to make sacrifices for the sake of transformation in this country and everybody else to defend their interests to the hilt.

Calling for the strengthening of the African National Congress and the alliance, the SACP secretary general told delegates at the conference that the working class will prove itself by not fleeing when encountering problems and misunderstandings but by struggling for the resolution of those problems.

He said it is the responsibility of the working class to ensure that it pulls its weight behind a strong ANC - rooted in the working class and

the poor - rather than to seek to run away from this task.

To abandon the ANC would be to agree with those who try to represent the ANC as a conservative, elite organisation. "We should challenge all those who would like to turn the ANC into a home for anti-working-class sources pursuing another capitalist agenda."

Nzimande said whoever believes that any component of the alliance can advance the revolution on its own will play into the hands of those forces who are anxiously waiting for its dissolution.

Such a break in the alliance will mean a split within all our organisations, not least the ANC itself.

The special congress elected current South African Democratic Teachers Union president Willy Madisha as Cosatu's new president.

**First 'class actor' in SA, PAGE 7;
A time for compromise, PAGE 20;
Cosatu examines the way forward, PAGE 24**

NGC 20-25/8/94

(2nd) (132)

Surprise choice for new Nedlac chief

ARG 28/8/99 (132)

FRANK NXUMALO

LABOUR EDITOR

Johannesburg - Philip Dexter, the executive chairman of Union Alliance Holdings, a union investment company jointly owned by Cosatu and the National Council of Unions, was yesterday appointed the new executive director of the National Economic Development and Labour Council (Nedlac)

The surprise appointment came almost one year after the departure of former incumbent Jayendra Naidoo, now with the ministry of defence Wendy Dobson of the Nedlac secretariat had been acting head in the interim.

Announcing the appointment after a closed one-and-half day special session of the Nedlac Executive Council, Membathisi Mdladlana, the minister of labour, said Dexter came to the tripartite institution with a wealth of trade union, political and business experience, and all the constituencies had agreed he



THE MAN FOR THE JOB Seasoned unionist, Philip Dexter (left), and Membathisi Mdladlana, the minister of labour PHOTO SEIWYN TAIT

was the "right person for the job"

"The council agreed that Nedlac would continue to be a fundamental platform for building consensus between business, the government, labour and the community on the socio-economic challenges facing the country," Mdladlana said

Jacob Zuma, the Deputy President, lauded the Presidential Jobs Summit as Nedlac's proudest

achievement, but challenged the social partners to begin real bargaining and secure a "tough employment accord" no later than Nedlac's Summit of May 2000

"Most people agree that some of the most contentious issues were put on hold (at the Jobs Summit). These hard issues need to be put back on the table and solutions need to be urgently found," Zuma said

Will increased tensions between the government and Cosatu over the public-sector strike lead to a breakdown in the tripartite grouping, asks Paddy Harper

Is it crunch-time for the alliance?

ART 28/8/99

(132)

While the public-sector dispute and verbal clashes between the African National Congress leaders and their counterparts in the Congress of South African Trade Unions (Cosatu) and South African Communist Party (SACP) have placed new strains on the tripartite alliance, the absence of an alternative to the ANC will ensure that the alliance does not disintegrate in the immediate future.

Professor Robert Schrire, head of the University of Cape Town political studies department, argues that for Cosatu or the SACP to leave the alliance "there has to be an alternative to the alliance".

"It is a golden rule in politics that to beat a candidate, you have to have a candidate. To leave the alliance, you have to have an alternative to the alliance, and frankly, the ANC is the only game in town," Professor Schrire says.

The ANC, he says, has replaced Cosatu as the vehicle for resources, funding and planning with the state bureaucracy, and Cosatu is "no longer required" in this role.

That, coupled with the intense loyalty of ANC voters to the party, means that voters are unlikely to be deflected from the ANC to any other party.

Any breakdown in the alliance will follow on from splits in the ANC, and not from initiatives taken by the other alliance partners," Professor Schrire says, adding that until a genuinely left-leaning and popular leadership emerges in the ANC, there will be no leadership to drive such a splintering.

"Only if and when the ANC itself begins to fragment will we see Cosatu and the SACP aligning themselves with the left wing in the ANC," Professor Schrire says.

He says that with the tight control President Thabo Mbeki has over the provinces through the appointment of premiers, and the delinking of the premiers' and provincial chair's positions, "it is difficult to see how this opposition could manifest itself".

"There is not a single member of the ANC elite who is really opposed to the broad thrust of government policy. It is also difficult to isolate any potential heavyweight in the ANC with left leanings who could establish themselves in the near future."

Dr Kru Naidoo, a University of Durban-Westville political analyst, has a very different argument. Dr Naidoo believes that because of the absurdity of the "cosy bed-fellows" relationship between organised labour and the government, fractures in the alliance are inevitable.

"The logic of Gear and tight fiscal policy dictate that public-sector wages be reined in. Such restraint is naturally unpalatable to the unions."

"The labour crisis is gradually being intensified and clearly has the potential to bring the government to its knees."

In contrast to the argument that the alliance will endure because of the lack of an alternative for Cosatu and the SACP, Dr Naidoo argues that it is now "crunch time" for the alliance.

"The SACP is sandwiched between the ANC and Cosatu and is little more than a bit player. It (the SACP) realises that its longer term future lies with labour."

"The ANC has to play to various audiences - notably the financial markets and the corporate sector. It cannot afford to be seen to be pandering to the whims of labour. It would be hardly surprising if the ANC were to threaten a break in the alliance."

The ANC, Dr Naidoo says, is "omnipotent" and comfortable in the knowledge that it has the next five years "in the bag".

Cosatu, on the other hand, is at a crossroads and needs to weigh up the value of being in the alliance if it cannot deliver to its constituency, the organised working class.

"It is only a matter of time before the gloves come off. The critical factor in whether the alliance will hold together or disintegrate will be when the union leadership balks at the political elite's instructions to come to heel," Dr Naidoo says.

Professor Schrire says Cosatu is becoming increasingly isolated from the whole body politic, and receives no support even from parties like the United Democratic Movement and the Pan Africanist Congress, both of which would have been expected to have articulated the interests of the working class.

"Each parliamentary party has attacked Cosatu or kept quiet, while the media are increasingly anti-labour. Unless the labour movement has the ability to develop alliances outside its own ranks, it remains in a cul-de-sac."

Professor Schrire also argues that Mr Mbeki has, in a tactical sense, created two "insurance policies" against attrition of his power base from the left.

The first of these is the denuding of the trade union movement of really effective leaders by drawing them into his Cabinet, the legislatures and local government, removing those who could have mounted political, intellectual and organisational challenges.

"The new level of union leadership seems to be weaker and without a solid power base and, as a result, is basically reacting to the passion of its members," Professor Schrire says.

He sees the improved relations with the Inkatha Freedom Party, the ANC's new coalition partner at national and provincial level, as Mr Mbeki's other "insurance policy", giving him a ready-made constituency with strong anti-union sentiments at his disposal. These two factors, as well as what Professor Schrire describes as "the power of patronage", ensure that the ANC remains "the only game in town".

Cosatu national spokesman Mukhoni Ratshtanga takes a much less cynical approach to the debate, arguing that the public-sector dispute is between employer and employee - and not between the ANC and Cosatu.

"The relationship is not being strained, as the government and unions both understand what their roles are."

"The relationship is such that an employee makes certain demands on the employer at particular times."

"When demands are made, they should not be interpreted as a strain on the overall alliance," Mr Ratshtanga says.

He says that although the alliance summit scheduled for this month was postponed, the ANC has indicated its willingness to meet with Cosatu to discuss the deadlock with the public sector.

He concedes, however, that alliance structures, which have not been meeting regularly, need to be upgraded and meet more often.

Paul Mpunyose, a member of the Kwazulu Natal provincial executive of the South African Democratic Teachers Union, takes a similar line.

Mr Mpunyose feels the industrial action places little additional strain on the alliance.

"The strike is a dispute between us as workers and the government, basically one between employer and employee."

"We see the distinction between the state as an employer and the ANC as a political party and remain loyal to the ANC as our political home," Mr Mpunyose says.

"From this perspective it is clear that the strike is no threat to the alliance," he says.

Former union secretary-general Dexter to head Nedlac

by Frank Nkomo



Nedlac business convener Raymond Parsons, left, the newly elected executive director, Phillip Dexter, and Labour Minister Mambuthi Mdladlana share a light-hearted moment at a news conference in Johannesburg on Friday announcing Dexter's appointment.

Dexter is executive director of Union Alliance Holdings, a union investment company representing the interests of labour bodies.

Nedlac 'ignored the fundamentals'

by Frank Nkomo

Johannesburg - The tertiary education summit held last week by the National Economic Development and Labour Council (Nedlac) had failed to reach an agreement on fundamental issues affecting the sector, the National Education Health and Allied Workers Union (Nehawu) said at the weekend.

The summit had failed to address issues of restructuring or retrenchments in the sector, the union said.

Nehawu said employers' representatives had presented positions unchanged from those presented when the union had first served its Section 77 notice on Nedlac in terms of the new Labour Relations Act Number 66 of 1995.

Makoko Lekola, Nehawu's spokesman said "Employers presented a memorandum of intent for convening another forum to discuss macro policy issues and claimed to have no mandate on calling a moratorium on all retrenchments and restructuring of the higher education sector.

"The parties agreed to reconvene in six weeks giving them time to consult with their principals," Jennifer Wilson, Nedlac's spokesman, said 80 delegates from national tertiary education labour organisations and managers had attended the summit.

She said the two key issues of discussion were collective bargaining and restructuring in the sector.

Lekola said, "One of the unexpected and positive results of the summit was administrative and academic staff representatives from technicians and universities joined together with national unions.

"The employee bodies agreed to work towards a united front for all higher education employees. This historic commitment to work together on common issues and programmes lays to rest the past that has traditionally been exploited by the employers."

He said the unions would enter a period of intensive consultation with their constituency members to agree on joint positions and programmes of action.

Former union secretary-general Dexter to head Nedlac

Taryn Lambert

PHILLIP Dexter, the name traditionally associated with the mobilisation of nurses in the early 1990's hospital strikes was elected last week to head the National Economic Development and Labour Council (Nedlac).

The announcement that the 37-year-old former secretary-general of the National Health and Allied Workers Union (Nehawu) would succeed former Nedlac executive director Jayendra Naidoo was made after the council's two-day special executive meeting which was held in Johannesburg last week. Naidoo resigned almost a year ago.

Dexter who appeared to be filled with optimism for his new position declined to speak to the media over his vision for Nedlac's future, saying that he had only known about the appointment for a few hours.

"It would be very irresponsible and premature for me to attempt to comment about Nedlac's role in the next five years. What I can say is that all the constituencies have committed themselves to making sure Nedlac stays a relevant institution. The parties have committed themselves to keeping Nedlac around for a long time, and now I have a personal interest in making sure it is here to stay," he said.

Born and raised in Mauritzburg

Dexter is executive director of Union Alliance Holdings, a union investment company representing the interests of labour bodies.

Dexter faces rough ride as new Nedlac director

by Frank Nkomo

Johannesburg - Phillip Dexter's appointment as the new executive director of Nedlac comes as the council gears up to secure a "tough employment accord" by May next year.

Dexter is a former ANC MP and general secretary of the National Education Health and Allied Workers Union. At present he is the executive chairman of Union Alliance Holdings, a joint union investment company owned by Cosatu and the National Council of Trade Unions.

Deputy President Jacob Zuma on Thursday challenged Nedlac to secure the accord before its summit in May 2000.

"Most people would agree that some of the most contentious issues (at the Presidential Jobs Summit) were put on hold pending further consultation, these include productivity

turn from London, where he was in exile from 1984 to 1990, Dexter completed a masters degree in philosophy. He became the driving force behind Nedlac's appointment.

He is an African National Congress MP and has served on the labour, public service and finance portfolio committees. After his return from London, where he was in exile from 1984 to 1990, Dexter completed a masters degree in philosophy. He became the driving force behind Nedlac's appointment.

Dexter said working with organised labour gave an opportunity to understand in a practical way the issues and problems facing labour and business.

"It's one thing to theoretically know about labour market policy and it's another thing to have been involved with it."

Mambuthi Mdladlana, the minister of labour, said Nedlac's labour, business, government and the community constituencies agreed Dexter was the right person for the job. "They are convinced that he will be able to deal with the challenges."



DIRECTED (from left) Raymond Parsons, a Nedlac business convener and Phillip Dexter at Friday's announcement of Dexter's new post. PHOTO: SIMON BIR

Business, labour take up challenge

Reneé Grawitzky (132) BD 31/8/99

BUSINESS and labour have agreed to take up the challenge issued by Deputy President Jacob Zuma at the National Economic Development and Labour Council (Nedlac) to move towards an employment accord by May 2000.

This emerged during a Nedlac special executive committee meeting on Friday where the parties committed themselves to try to achieve an employment accord despite concerns about the timeframe.

Congress of SA Trade Unions general secretary Zwelinzima Vavi said government was putting pressure on labour and business to "get things moving". Business SA's Nedlac convenor Raymond Parsons said "this is a tough assignment", but the general view was that neither government nor labour and business could shirk it.

The continuing public service dispute was an important test case from which much could be learnt about employment and wage policy options, he said.

The call for an employment accord coincides with the release of recent forecasts by Wharton Econometric Forecasting that unemployment could increase from the present level of 33,9% to 41,7% by 2003.

Andrew Whiteford, author of a report on current and future employment, said the corresponding number of unemployed could then rise from 4,9-million to 6,7-million over this period.

Zuma said the job summit reflected Nedlac's commitment to job creation. However, the most contentious issues had not been addressed. "Hard bargaining on the difficult issues must now begin in order to complete the accord," he said.

These included issues such as productivity and macroeconomic policy while discussions were needed on economic restructuring and retrenchment.

Benefits of the tripartite alliance outweigh the cost

(132)

Policy or tactical differences between the partners should feature prominently in their regular meetings, writes **Katishi Masemola**

BD 1/9/99

THERE is a wish by some in politics and elsewhere to see a split and the collapse of the alliance between the African National Congress (ANC), the Congress of SA Trade Unions (Cosatu) and the SA Communist Party (SACP)

These elements could be described and identified broadly in two categories. On the one hand is a group of the extreme left and on the other a group of centre-right neo-liberals

The extreme left believes that continuation of the alliance arrests a rapid movement towards socialism. It calls for Cosatu to withdraw from the alliance and contribute to the formation of a new political party, referred to by some as a workers' party

The centre right holds the belief that the continuation of the alliance stands in the way of a rapid evolution of market-friendly economics, labour and other policies. They call on the ANC to break away from this alliance in order to "freely" pursue such policies.

Realisation of this wish is potentially dangerous and it is necessary for political activists who believe in the ANC-led tripartite alliance to "shoot this down" and ensure that it remains wishful thinking

It is for Cosatu to accept that the ANC is a leading partner in this alliance. This is particularly true given that the ANC is considered a working-class movement with a track record of being an anti-imperialist liberation movement. This co-exists with the view that the SACP remains a political vanguard of the working class with regard to a vision of socialism. The ANC is, albeit working class in its bias, a "broad church" of various class forces and interest groups

Cosatu should understand that the tripartite alliance is not a homogeneous entity but a terrain on which to contest policies, tactics and other issues relating to the liberation agenda of the national democratic revolution

It is for this reason that Cosatu should argue for the development and adoption of an alliance programme covering areas in which the partners see eye to eye

In the same breath, Cosatu should urge that the alliance should debate issues in which there are differences with a view to achieving agreement

Cosatu and the other partners should have a common understanding of what the national democratic revolution is all about. It is about addressing gender inequalities, race imbalances and income/wealth disparities

The inequalities should be addressed in their total relationship to each other. An emphasis on one set of inequalities may leave the other two unattended to or inadequately attended to

Clearly, Cosatu needs a strong alliance as the benefits of remaining in this alliance outweigh the costs, if any. Policy or tactical differences between the alliance partners should feature prominently in the regular alliance meetings as these differences have the potential of affecting the realisation of this strategic objective

Policy differences are largely on the areas of social and economic policies and primarily on the growth, employment and redistribution strategy's macro-economic strategy and its essential elements such as fiscal, monetary and trade policies and privatisation. Given the above, a key challenge for

Cosatu and its affiliates is to avoid undermining the ANC government, and consequently the democratic breakthrough represented by the 1994 and 1999 elections

At the same time, it is a key challenge for Cosatu to avoid compromising membership in its dealings with the ANC government on collective bargaining or any other issue. The best approach to confronting these challenges lies in the following

□ One, that Cosatu needs to be a strong and independent labour movement that will raise its viewpoints and represent its course without fear or favour

□ Two, that Cosatu needs strong ANC government in order to achieve some of its objectives, for example the current fairly progressive labour legislation. With its vision of socialism Cosatu needs a strong SACP to lead the working class to a socialist dispensation

These are the reasons for the alliance to continue and for Cosatu's continued participation in the alliance. These reasons are compelling and convincing

It is in this perspective that Cosatu ought to contextualise the dispute between its public sector affiliates and government. The dispute is a collective bargaining matter although characterised in some cases by political undertones such as government's fiscal strategy, which informs its wage offer

The dispute is therefore not a compelling reason to call for the split of the alliance. This dispute does not amount to a crisis in the alliance

□ *Masemola is the economics coordinator of the Food and Allied Workers' Union*

Employers, trade unions rapped over the knuckles

(172) (171)

Analysts say parties are too quick to haul each other before the CCMA, writes S'THEMBISO MSOMI

ST(BT) 12/9/99

EMPLOYERS and organised labour have come under fire from labour analysts for intransigence in collective bargaining, resulting in unnecessary strikes and legal disputes

Labour Minister Mema-thisi Mdladlana this week released the Industrial Action annual report. It shows 38-million mandays were lost following strike action last year.

Analysts warn that the figure is likely to be far higher this year unless the public sector wage dispute is resolved soon. Central government was the least affected by industrial action last year. It is feared that a full-blown strike by civil servants could have severe consequences.

Econometrix's Tony Twine says because of the sheer size of the civil service, a one-day strike could easily result in the loss of 800 000 workdays.

The conflictual labour relations environment prevalent in SA is blamed for a dramatic 35% increase in the number of disputes brought before the Commission for Conciliation, Mediation and Arbitration (CCMA). The commission's director, Thandi Orleyn, says an average of 344 new cases are referred to the CCMA each working day.

Orleyn says some parties appear willing to "haul" each

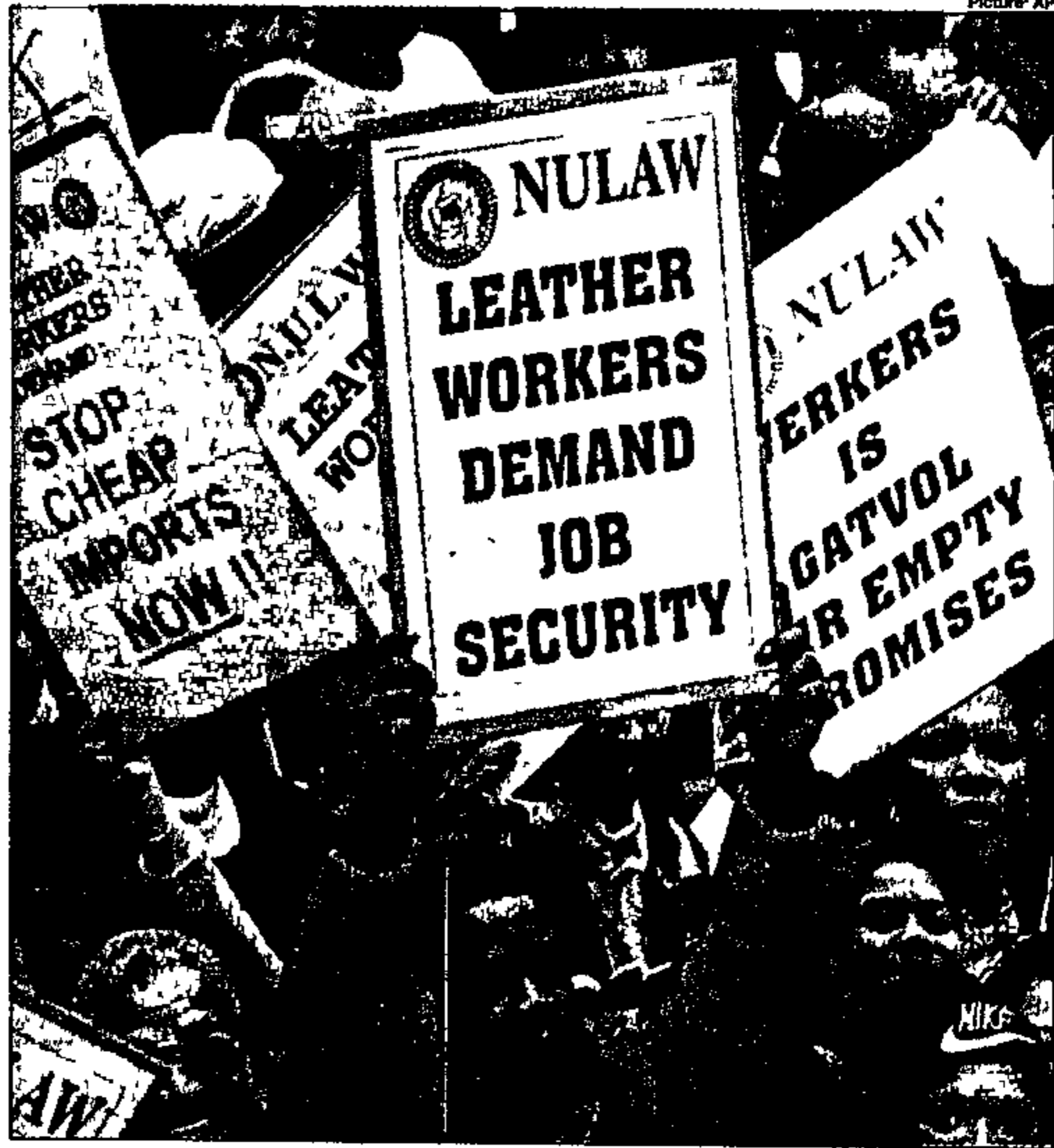
other to the CCMA "at the drop of a hat" on trivial issues.

Addressing a media briefing this week, Mdladlana appealed to employers and trade unions to resolve their disputes internally and allow the CCMA to be better utilised by unorganised workers.

"What has happened to the creative solutions with which unions and employers in different industries emerged through collective bargaining over the years? Or is it the approach now to say, oh well, it's strike season again, as if it is a weather condition like a tornado about which we can do nothing?"

Brian Allen, a labour consultant at Andrew Levy and Associates, says Mdladlana's report confirms the view that strikes are on the increase.

"At the beginning of the year we predicted there was going to be an increase in industrial action as a result of a number of factors including the downward pressure on wages and a fall in interest rates. But another problem is the rule of thumb which exists in SA collective bargaining which says you do not settle for less than you got in the last wage negotiations."



GREAT EXPECTATIONS: Members of the SA Clothing and Textile Workers' Union voice their feelings in a protest march to Parliament in Cape Town this week

"This clearly results in conflict as unions want higher increases than the previous year while employers want to settle for the same, if not lesser, percentage than the previous year," says Allen.

Twine says he does not see strike trends changing. "This is because negative attitudes between labour and business are entrenched and will be difficult to change."

The manufacturing sector had the highest number of industrial disputes, 86, last year — resulting in the loss of 2 440 406 workdays.

"Most disputes arose from

collective bargaining and the predominant reason underlying disputes related to wages and other compensation," the annual report reads.

Although the CCMA has severe work overload, the body has been praised by Mdladlana for helping to avert a substantial number of strikes in various industries.

However, Mdladlana emphasised the need for full utilisation of other conflict resolution institutions provided for by labour laws.

Analysts believe that access to the CCMA is too easy and that a "gatekeeping mecha-

nism" is needed to ensure that cases really needing consideration by the commission are dealt with.

Allen suggests the creation of a body similar to the motion court in the labour court, which weighs the merits of each case before it is heard.

"In this way parties can be instructed to find internal solutions if those are possible," he says.

But labour department spokesman Pheny Nonqane says there is no need for the creation of a gatekeeping structure.

"The law provides for workplace forums. Forming such structures would encourage internal resolution to disputes," he says.

Unresolved policy issues are focus of Nedlac talks

BO 29/9/99 (132)

Reneé Grawitzky

THE resolution of key policy issues not addressed at last year's presidential job summit is likely to form the focus of discussions at the National Economic, Development and Labour Council's (Nedlac's) annual meeting at the weekend.

Nedlac's acting executive director, Wendy Dobson, said yesterday the meeting would have to address the "unfinished business" from the job summit.

Speaking at the launch of Nedlac's annual report, she said the meeting would also have to evaluate how the institution should reposition itself since the elections.

Dobson said it was also hoped Deputy President Jacob Zuma would elaborate further on the call he made at the Nedlac executive council meeting last month for an "employment accord" by May next year.

Zuma said the job summit reflected Nedlac's commitment to job creation. However, the most contentious issues had not been addressed. "Hard bargaining on the difficult issues must now begin in order to complete the accord," he said.

These included issues such as productivity and macroeconomic policy while discus-

sions were needed on economic restructuring and retrenchment.

New executive director Philip Dexter said there should not be a fixation about an accord or event as this would not be helpful to the process. Instead there were already elements of accords or agreements on various issues being debated in Nedlac.

Labour director-general Siphos Pityana said talks on the outstanding issues from the job summit were moving ahead. The labour market review process would not be the only area addressed, despite the strong emphasis on labour market issues.

Nedlac sources said it was hoped government would give some direction at the weekend meeting on how debate would be taken forward on its macroeconomic policy.

Pityana said significant progress was being made on the labour market review process. Plans were under way, he said, for labour and business to hold a bilateral meeting. Thereafter it was hoped all parties could meet. "There are no illusions that it will be a quick process," Pityana said.

The meeting is also expected to address socioeconomic issues like the state of education, HIV/AIDS, social security and upcoming World Trade Organisation trade talks.

Agreements reached by Nedlac at new high

(132) ET (PR) 29/9/99

FRANK NXUMALO

LABOUR EDITOR

Johannesburg - The 1998/99 period had produced the highest number of agreements that Nedlac had achieved in its four-year history, the council said yesterday.

Nedlac said the Presidential Jobs Summit was undoubtedly the highlight of the period, with 35 agreements reached, some representing the culmination of years of discussion at Nedlac.

Examples included the social plan and the presidential lead project on housing.

Wendy Dobson, the acting executive director of Nedlac, said "Nedlac has become a model for social dialogue internationally."

"It attracted 23 delegations from domestic and international institutions during 1998/99, including the president of Chile, the Italian minister of trade and industry and the chief conciliator of Denmark."

Dobson said through the duty imposed on the Nedlac by the Labour Relations Act, the council had been able to facilitate agreements on a process in four of the six section 77 notices it had received, which included issues between public prosecutors and the department of justice and tertiary institution workers and their employers.

"Nedlac's research in the 1998/99 period included a study on infrastructure delivery," she said.

"A number of funds for research into industrial development growth and equity studies concentrated on ways to improve the functioning of the economy."

"A project to enhance the workplace - the Workplace Challenge - has been implemented in 17 factories in three sectors."

"Studies were completed on government's role in promoting the use of technology and a review of the tax holiday scheme."

NEDLAC (172)

A NEW LEASE OF LIFE

rm8/10/99
Housed in the Presidency?

The National Economic Development & Labour Council (Nedlac)'s political home may move from the Labour Department to the Presidency to give the negotiating forum more clout. And the inauguration of its new executive director, Philip Dexter, at its summit last Friday marks the start of a drive to reach an employment accord the Presidency is pushing for.

The idea of switching Nedlac's political home is suggested by its founding director, Jayendra Naidoo. He argues that in government's second term, the focus will shift from labour market reform to Finance, Trade & Industry, Minerals & Energy and Public Enterprises. "It is wise to shift Nedlac to the central point of policy-making and implementation."

The idea is popular in government and labour circles, which were concerned about the inertia that seemed to afflict the body in the past year. It took a year for Naidoo's successor to be appointed. And the choice of former unionist Dexter, who also sits on the ANC's national executive committee, is read as a sign that the ruling party will bolster Nedlac's authority.

Supporters of the idea say the Presidency would provide the leadership and access to resources Nedlac needs. For labour, it could provide greater influence on economic policy.

Dexter plans to inject new life into Nedlac's public finance and monetary policy chamber. Finance has in the past been reluctant to negotiate policy through the chamber, which labour wants resuscitated. This will happen, but labour must, in return, start to talk seriously about an employment accord.

Such an accord, proposed by the 1996 Labour Market Commission, is back on the agenda. It is an attempt to forge a "national economic consensus" to increase employment by attracting investment. It usually includes wage (and price) restraint.

Hinting at an accord, Deputy President Jacob Zuma told the Nedlac summit: "I hope we are going to strive to build a coherent programme of measures — of macro-economic, trade & industry, labour market and development issues — that reinforce one another for the greater good."

Ferial Haffajee

Bargaining 'not designed to undermine labour' (132)

BD 27/10/99

Fraser-Moleketi says government is committed to constructive partnership

Reneé Grawitzky

GOVERNMENT defended yesterday its position on the continuing public service wage dispute, saying the bargaining process was not an attempt to undermine labour

At the Johannesburg Press Club, Public Service and Administration Minister Geraldine Fraser-Moleketi said that contrary to uninformed analysis, it was not government's intention to roll back the gains made by labour

"We remain committed to a constructive partnership with labour. We have a common objective to transform society," she said

She deflected questions about whether tension had emerged between herself and the public service unions

"A lot of heat which comes up in a dispute should not be confused with antagonism," she said

Fraser-Moleketi said issues around the dispute with labour should not be used to cloud the ever-greater challenge ahead for all parties — to effect public service transformation

Government was looking forward to being back in the public service co-ordinating bargaining council, there were moves towards achieving that goal. Government also remained confident that talks on a new wage policy in the public service would be under way by December 31

Earlier impressions had been created that talks on new wage policy would have been completed by December

Delays occurred as the unions refused to start talks on a new policy until the dispute was resolved. Labour became firm on this issue after government decided to implement unilaterally its final offer after it became clear no further movement could be achieved

Fraser-Moleketi was speaking before

the start of arbitration next week

The talks will deal with the wage dispute affecting workers engaged in essential services. Public service unions affiliated to both the Congress of SA Trade Unions and the Federation of Unions of SA referred the wage dispute to arbitration as such workers are prohibited in terms of the law from engaging in strike action

In the build-up to the arbitration, public service co-ordinating bargaining council chairman Edwin Molahlehi has continued to pursue options for a settlement between the two parties

He has been involved in a series of talks to arrange a joint meeting between the parties before arbitration

Union sources said government's mandating committee had yet to discuss the options available

These included an add-on to the wage increase, that parties start talks now for next year with an agreement to add on an amount backdated to the current financial year, or to await the outcome of arbitration

Unions and management are wary of workplace forums (166)

FRANK NXUMALO

CT (BR) 25/11/99 (132)

LABOUR EDITOR

Johannesburg - Neither company management nor organised labour was comfortable with setting up workplace forums as provided for in the new Labour Relations Act, a Unisa study showed yesterday

The study, presented at the National Productivity Institute's annual conference on economics, business and human resources management research, discovered that only 17 workplace forums had been established nationally since the promulgation of the act three years ago

Monica Kirsten, a Unisa researcher, said management was not keen on workplace forums because of concerns about divulging strategic information to labour and the hobbling of the decision-making process

Labour was uncomfortable with forums because it feared they would reduce the unions' power base or

replace them as legitimate representatives of workers in the company

Kirsten said workplace forums divided the collective bargaining and productivity aspects of industrial relations into two separate issues

"Trade unions feel the separation of collective bargaining and production (co-operation) is a management ploy to undermine trade union involvement in production. This is one of the main reasons why trade unions oppose workplace forums

"Management sees workplace forums as a threat to their managerial prerogative. The question which now arises is whether employers will be proactive in respect of joint decision making or whether they will wait until employees exert pressure"

She said company management at all levels should buy into the idea of participatory management. The forums could become effective only when the workforce was enlightened about the firm's strategic direction

APPOINTMENTS

Workplace forums struggle to take off (192)

Both workers and management are sceptical, writes S'THEMBISO MSOMI ST (PT) 28/11/99 (166)

WHEN the current Labour Relations Act came into being in 1995, it was hailed by many commentators for providing for the creation of workplace forums — which experts believed would transform the adversarial labour relations system to a more co-operative one.

But four years down the line only 18 forums have been set up and, in many sectors, relations between workers and their employers are far from satisfactory.

Sithembeliso Tshwete communications co-ordinator at the Commission for Conciliation, Mediation and Arbitration (CCMA) says such forums are important as they provide employees with a voice on their daily work activities.

"Participation of labour on issues of production as well as joint problem solving on issues affecting the workplace gives employees a sense of responsibility and enhances the well-being of the enterprise."

"Successful implementation of worker participation systems in countries like Germany and the Netherlands has proven fruitful," says Tshwete.

Tshwete believes that in SA, where there are still millions of unorganised workers, such forums could act as important vehicles to employee participation in the workplace.

But organised labour has always been sceptical of such institutions. During negotiations for a new LRA, organised labour accepted workplace forums only after government and business gave

an assurance they would not be used as an alternative to trade unions.

Labour relations consultant at Andrew Levy & Associates Brian Greenstein says unionists are still reluctant as they fear such institutions could undermine their power.

"They fear a workplace forum could undermine their influence as such bodies are open to all employees irrespective of union affiliation. So depending on its strength in a particular company, a union could find itself outvoted on certain issues," he says.

However, Cosatu spokesman Mkhoni Ratshtanga denies this. "We fully support the formation of such bodies if very few have been formed. It is not labour's fault. It is just that employers are not very keen," he says.

In a paper delivered during the annual conference of the

National Productivity Institute in Port Elizabeth on Wednesday Unisa researcher Monica Kirsten said employers seemed concerned about possible delays in decision making that could result from having to consult labour. She urged managers to "buy into" participatory management and not to view workplace forums as a threat to their managerial prerogative.

In terms of the LRA, it is only the trade unions who can request that a workplace forum be formed. Tshwete says that in his informal discussions with some key unionists he found most were not in favour of these forums because they fear being "co-opted" by management when unpopular decisions have to be taken. "The fear is not unfounded. It was institutions like Works



PROBLEM SOLVING. Forums give employees a sense of responsibility

and Liaison Committees set up in terms of the Bantu Labour Act of 1953 and the Industrial Conciliation Act of 1956, which were used by employers to render black trade unions irrelevant.

"This could form the basis for the trade unions not to immediately engage in these forums. However, the new LRA ensures that independent unions and traditional collective bargaining are not

undermined. Its intention is to shift labour relations from its adversarial form," he says. Workplace forums allow employees — unionised or not — the right to be consulted and to participate on issues not regulated or controlled by bargaining agreements. "An employer is supposed to consult over environmental changes in the organisation of work, partial or total plant closure, transfer of

business ownership and health and safety issues," Tshwete explains.

With government spearheading a labour legislation review process that could result in radical changes before the end of next year, Cosatu has demanded the LRA be amended to force employers to negotiate, instead of merely consulting, with workers when decisions are to be taken on these issues.