



COLLECTIVE BARGAINING INDICATORS

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INTRODUCTION

The recent strike action in the mining industry in South Africa and killing of scores of striking workers by police is an opportunity to revisit trade union approaches to organising and representation. The scale of the tragedy has forced social actors to think more deeply about how they relate to their constituencies. The even more recent farm worker protest action in the agricultural areas of the Western Cape must be understood at least in part in the context of events in the mining industry, even though trade unions are not at all well established in the agricultural sector. The weak global and national economies only amplify the pressures.

Is labour unrest in the mining and agricultural sectors simply about wages?

When talking about South Africa it is possible to draw on official statistics and say that the average monthly wage in South Africa is R13200¹ and also to say that median monthly earnings are R3000.² This latter figure is supported by the LRS AWARD benchmark of minimum wages. So while South Africa may be considered a middle income developing country this also reflects the fact that in South Africa the *average of inequality* is sufficiently high to position it there.

While some analysts will talk about minimum wages being set high in comparison to medium wages³ in a particular sector, the comparison is a technical one which discounts the nominal level at which wages are set. So while minimums might be set close to median wages in the private security industry in South Africa, these minimums are set as low as R2000 per month in some areas.

The 2012 COSATU Workers Survey suggests wages as the dominant strike trigger by a wide margin. Ninety percent of respondents in the survey gave wages as a reason for striking.

While the conditions faced by the workers on the mines are often extreme and the social conditions shaped by the precariousness of migration, the events of Marikana suggest that nominal wage levels are not truly decisive in understanding the motivation of workers to strike. It could be argued that the NUM has won tremendous gains for workers in the mining industry since its formation in the mid-1980s. While wages are obviously important in shaping the material

¹ Quarterly Employment Statistics, November 2011, Statistics South Africa

² Labour Market Dynamics, 2011, Statistics South Africa

³ Ibid, p83

conditions of workers they are not generally capable of transforming material or social conditions, unless the wage level itself is radically transformed. We need to look beyond wages, the poster child of collective bargaining and of industrial action, to better understand the context.

A recurring phrase used to refer to the problem which faces not only unions, but social actors in general, is that of **social distance**. Social distance is a euphemism for poverty and inequality and how this plays out within organisations, even mass-based democratic organisations. Social distance is more complex to grapple with and includes perceptions of inequality and marginalisation which can be just as powerful as material inequality. In this regard, the ability of trade unions to be seen to fighting the fight of workers is just as important as winning the fight.

A further element of the problem, and it is a critical one, is **forms of employment**. While commentary on Marikana has centred on the role or culpability of unions, the company and the state, there has been very little discussion of the fact that upwards of 40% of the workforce at Lonmin operations are contracted workers. It is **the reorganisation of employment relationships** and the separation that this engenders, reinforces and perpetuates which provides an important point of departure for any trade union that is serious about reflecting on their core 'business', organising and representing workers.

The current context is an opportunity to revisit what trade unions do in relation to representation and organisation and also how they do these things.

It is **the reorganisation of employment relationships** and the precariousness and separation that this engenders, reinforces and perpetuates which provides an important point of departure for any trade union that is serious about reflecting on their core 'business', organising and representing workers.

We believe that there is a need to **respond to the context by cultivating organisation and representation as sources of worker power, which provide a foundation for challenging the informalisation of rights and security.**

We are concerned with building the capacity of unions to undertake and sustain an increasingly **strategic approach to organising and bargaining**, one which explicitly seeks to link organising and bargaining with a view to **bringing vulnerable workers and women in particular into the mainstream of rights and security**.

This is a path for trade unions to **resist the informalisation of worker rights and security by increasingly representing the interests of vulnerable workers**.

THE DATA

The data used in this research was extracted from wage agreements collected from different unions, bargaining councils and sectoral determinations.

The category of worker used in the wage analysis is generally a minimum entry level occupation, such as general worker, or the lowest wage in the bargaining unit.

Table 1: THE SAMPLE

Standard Industrial Classification (SIC) Major Divisions	Number of bargaining units	Number of wages	Estimated number of workers covered by the agreements in the sample
Agriculture, hunting, forestry and fishing	37	12	886 047
Community, social and personal services	22	18	1 130 149
Financial intermediation, insurance, real estate...	111	62	207 644
Manufacturing	453	270	521 896
Construction	24	27	151 284
Mining and quarrying	80	66	217 577
Transport, storage and communication	30	14	212 596
Wholesale and retail trade	179	86	570 967
Electricity, Gas & Water	3	2	38 641
Total	939	557	3 936 801

The company review cover 33 JSE-listed companies who have published 2012 financials. The fuller LRS report will cover 88 companies for 2012.

THE WAGE BARGAINING REVIEW

Figure 1: THE DISTRIBUTION OF MINIMUM MONTHLY WAGES in 2012 (Rands)

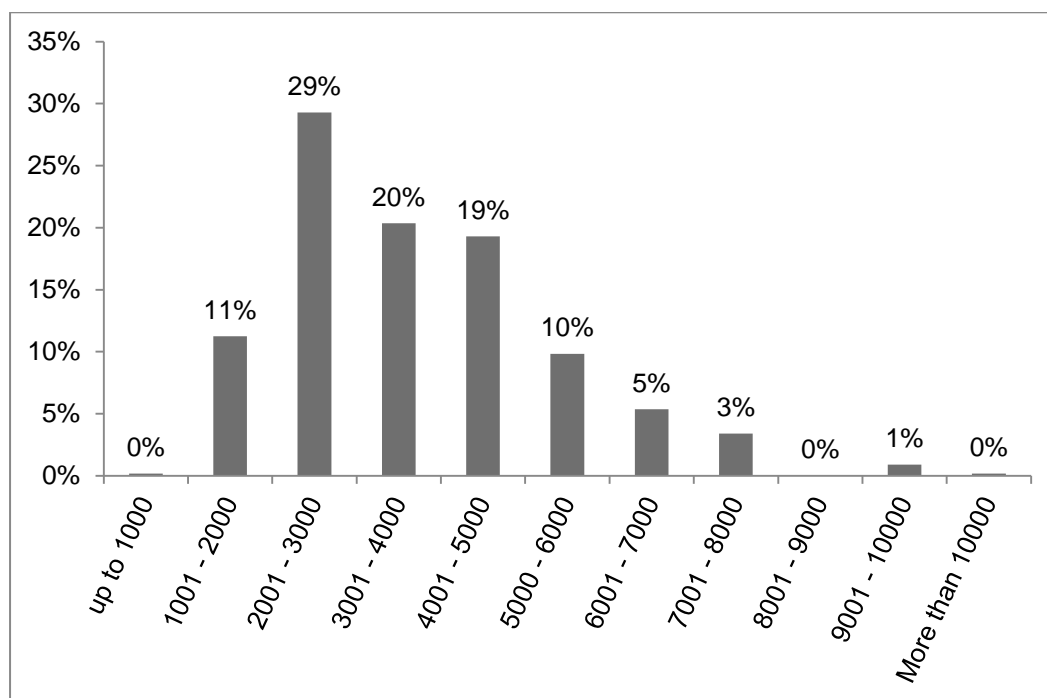


Table two (below) describes minimum wages for the period 2011-2012. The median minimum wage in all sectors was R3500 in 2012 compared to R3170 which was recorded in 2011. This represents an 8% nominal wage increase. When we factor the inflation rate of 6%, the real wage increase was not 8% but 2%.

Table 2: MINIMUM WAGES 2011/2012 - ALL INDUSTRIES

	Hours of work (weekly)	2011 Wage (Rands)	2012 Wage (Rands)	Wage Increase (%)	Inflation (%)	Real wage increase (%)
Median	45	3 170	3 500	8	6	2
Average	44	3 436	3 762	8	6	2

Table2, Minimum wages vary within industries. Electricity, Gas and Water achieved the highest median minimum wage of R7293 per month followed by Mining & Quarrying, Transport, Storage & Communication and Community & Social Service. Agriculture had the lowest median minimum wage of R1614 per month. The analysis shows that on average, increases in the adjustment of Sectoral Determinations minimums were set at CPI plus 2%. At face value the wage adjustments may seem reasonable and provides wage increases above inflation; however it is done on a very low wage base making any wage increase insignificant

Table 3: MEDIAN MINIMUM MONTHLY WAGES BY INDUSTRY, 2012 (Rands)

Bargaining Unit	Minimum wages, 2012	Median wage increase (%)	Inflation %	Median Real Wage Increase (%)
Agriculture	1614	8	6	2
Construction	2731	12	6	6
Finance	2755	8	6	2
Retail Trade	2782	8	6	2
All Industry	3500	8	6	2
Manufacturing	3578	8	6	2
Community	4325	7	6	1
Mining	4743	10	6	4
Transport	4778	9	6	3

Figure 2: MINIMUM MONTHLY WAGES BY INDUSTRY 2012

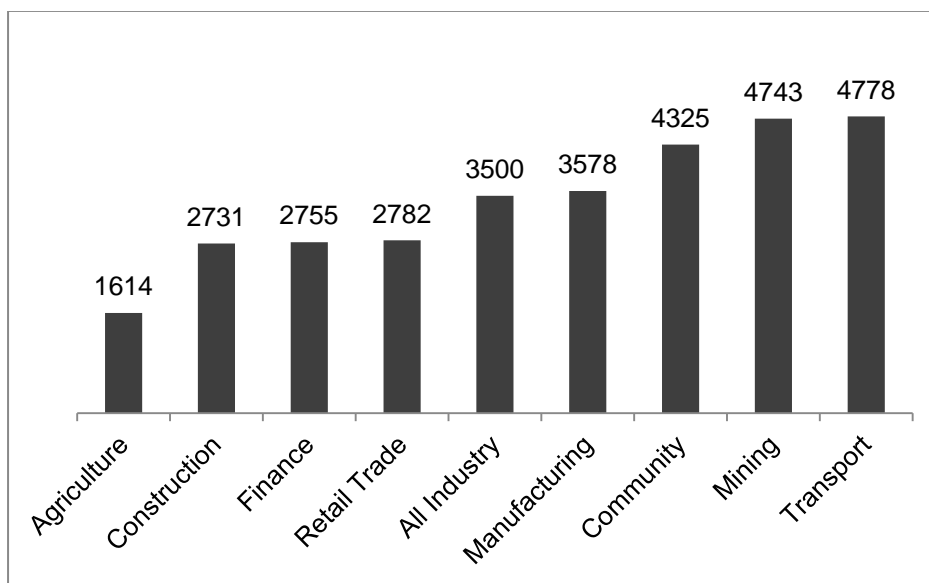


Figure 3: MEDIAN (%) WAGE INCREASES BY INDUSTRIES

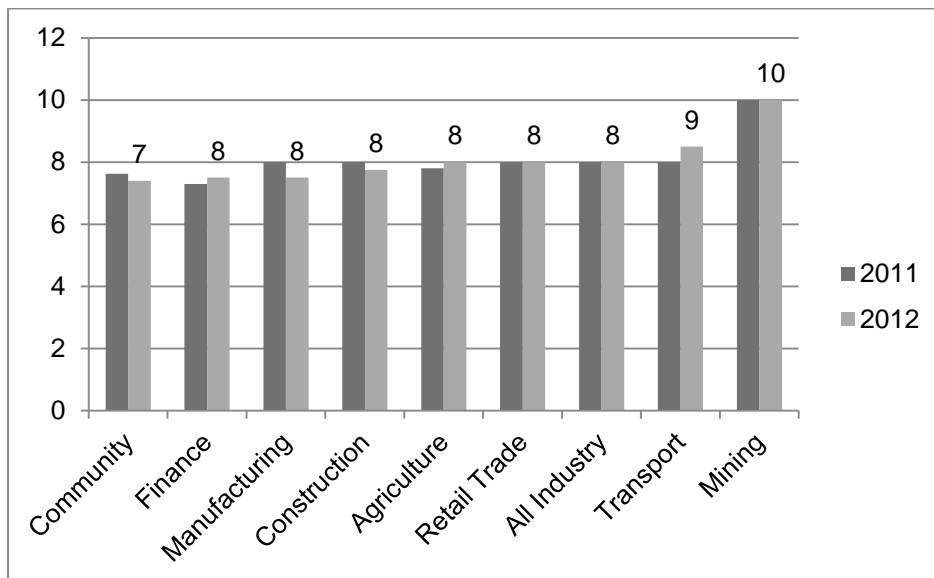


Figure 4: MEDIAN MINIMUM WAGES BY BARGAINING LEVEL, 2012

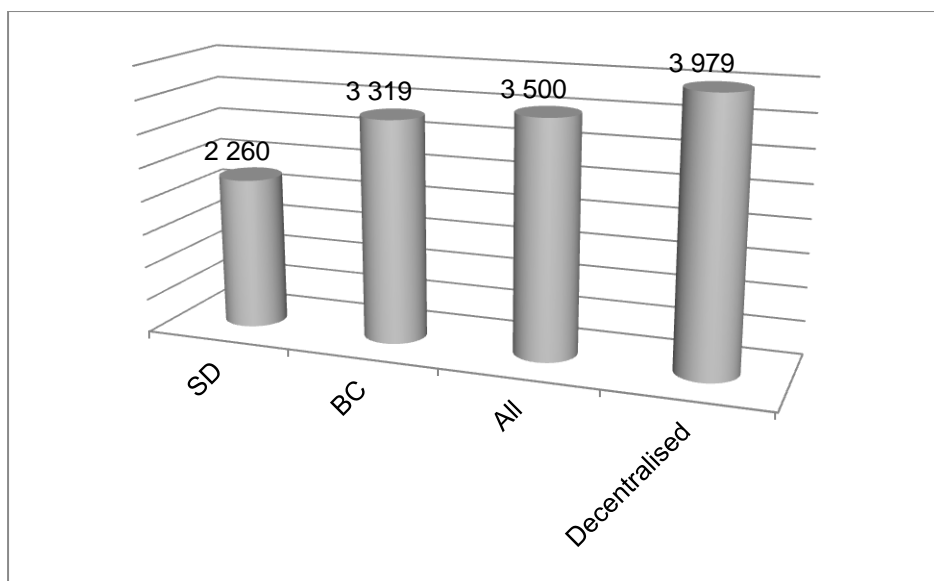


Figure 5: MEDIAN INCREASES IN MINIMUM WAGES BY BARGAINING LEVEL 2011-2012

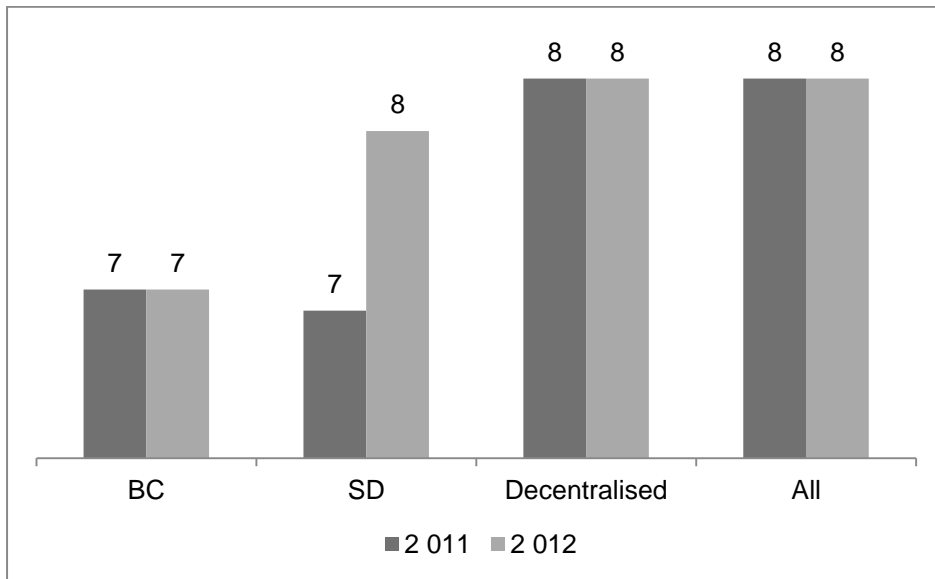


Figure 6: ESTIMATED NUMBER OF WORKERS COVERED BY BARGAINING LEVEL

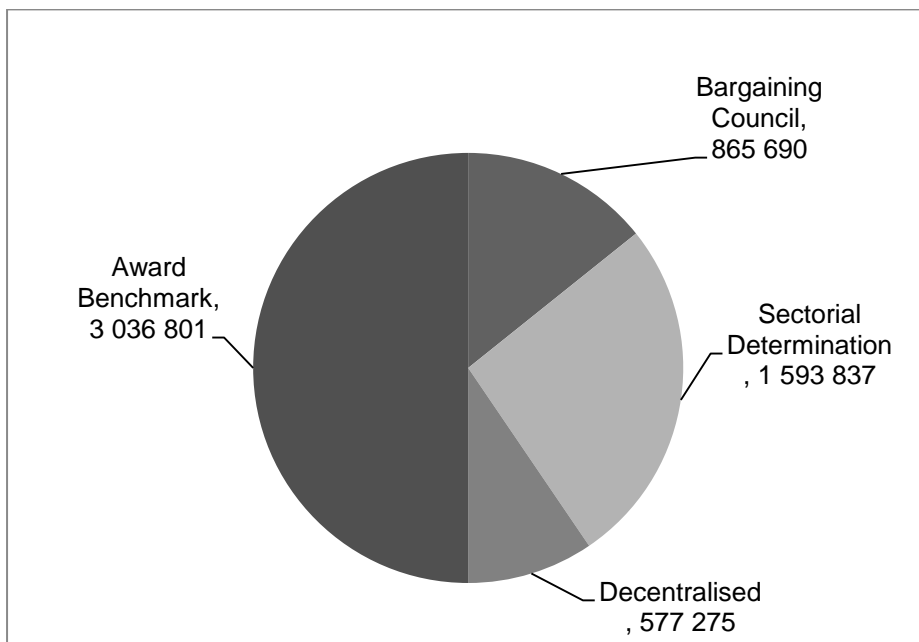


Figure 7: MEDIAN MINIMUM WAGES BY TRADE UNION 2012

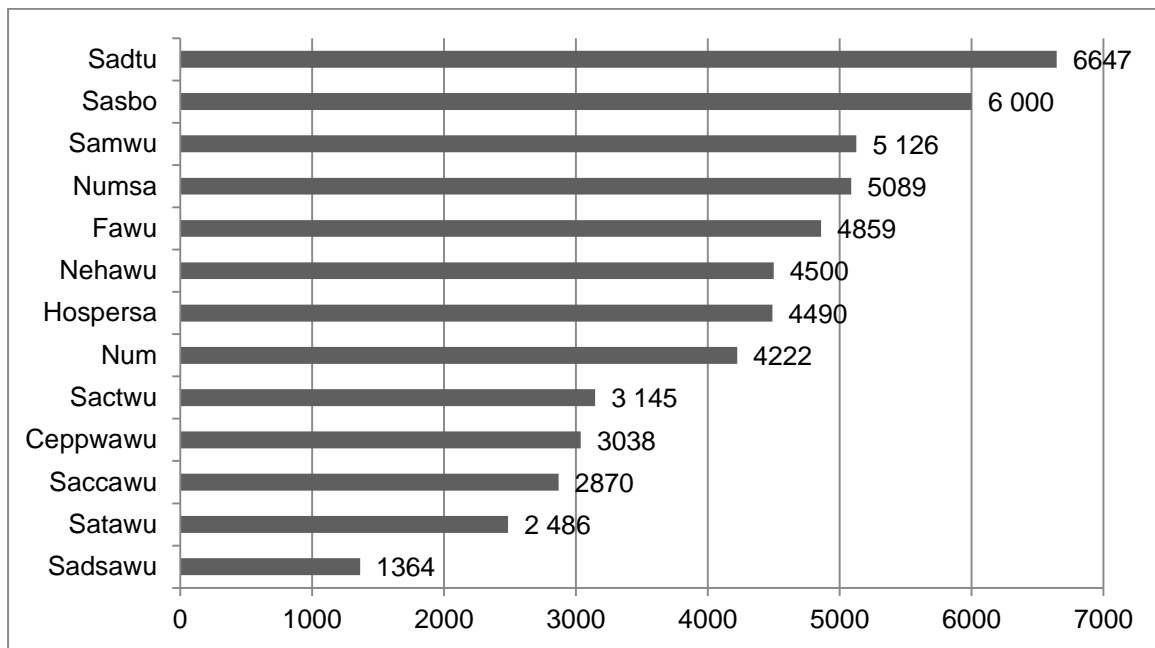


Figure 8: MEDIAN WAGE INCREASES BY TRADE UNION, 2012

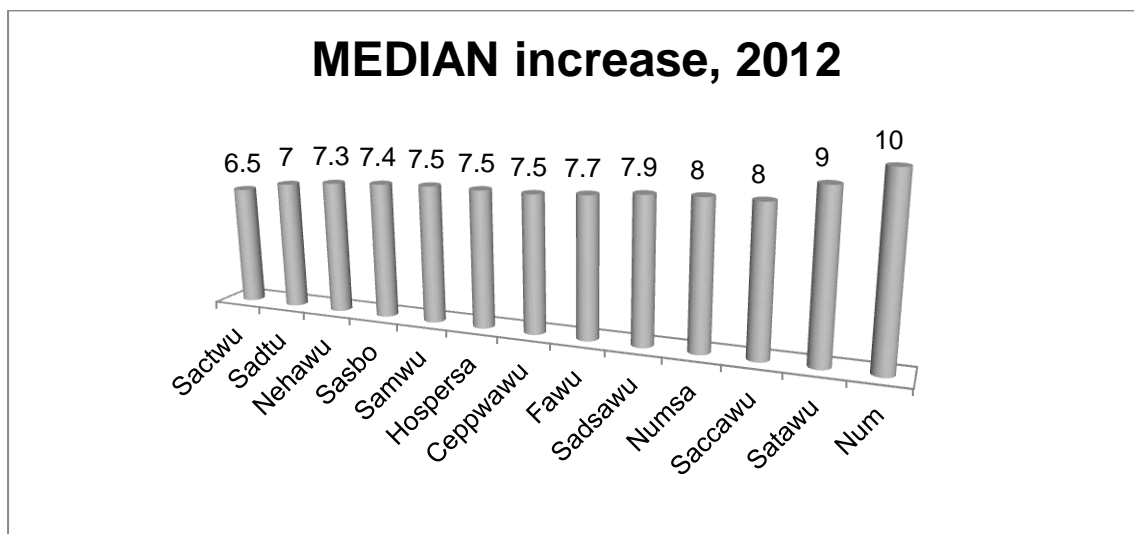
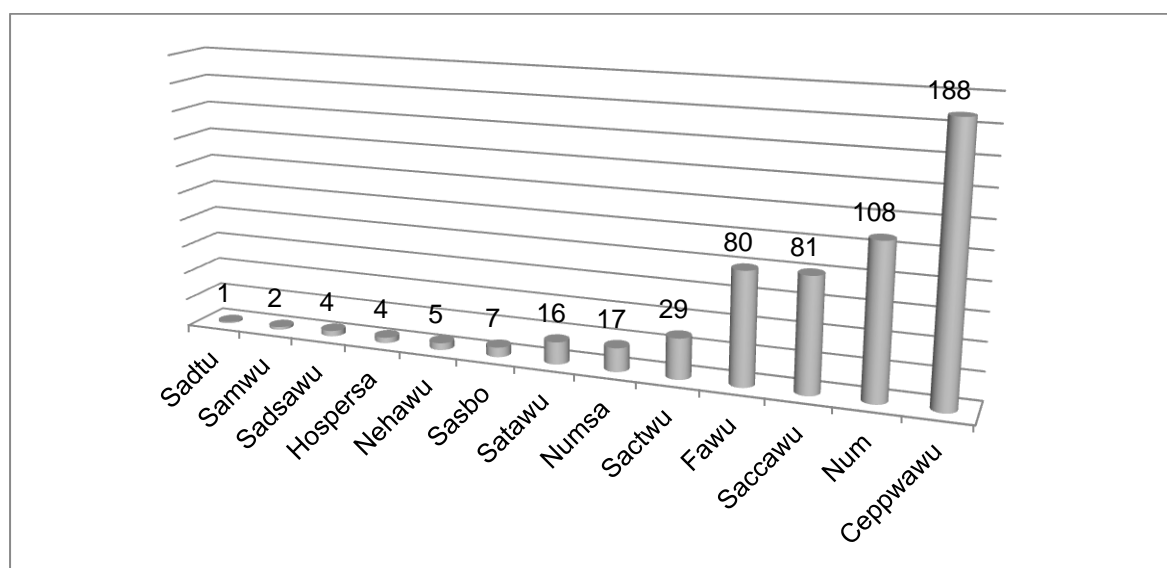


Figure 9: NUMBER OF WAGES IN THE LRS AWARD DATABASE BY TRADE UNION, 2012



THE CONDITIONS OF EMPLOYMENT REVIEW

Table 4: BENEFITS BY BARGAINING LEVEL – Hours of work, allowances and leave

	Estimated number of workers covered by the agreements	Average Ordinary Hours of Work	Shift allowance as % of basic wage	Transport allowance in Rands	Annual leave in working days p/a
Bargaining Council	865 690	44	<u>11.7</u>	<u>64</u>	<u>16.1</u>
Sectoral Determination	2 493 837	45	0	0	<u>17</u>
Bilateral	577 275	44	10	245	19
AWARD Benchmark	3 936 801	45	10	240	18

*Underlined values are the average value of the benefit.

**Values with a % symbol reflect the proportion of agreements which show evidence of a benefit.

Table 5: BENEFITS BY BARGAINING LEVEL –Worker Security

	<i>Evidence of Provident Fund</i>	<i>Severance pay - no. of weeks per year of service</i>	<i>Evidence of extension of normal benefits to fixed and short term employees</i>	<i>Evidence of policies on labour brokers</i>
Bargaining Council	14.3%	<u>1.1</u>	4.2	12.6
Sectoral Determination	0%	1	0.0	11.1
Bilateral	10.3%	<u>1.8</u>	0.1	2.7
AWARD Benchmark	12.6%	1	0.4	3.5

*Underlined values are the average value of the benefit.

**Values with a % symbol reflect the proportion of agreements which show evidence of a benefit.

Table 6: BENEFITS BY BARGAINING LEVEL –Maternity & Family Responsibility

	<i>Duration of Maternity Leave in consecutive months</i>	<i>Maternity pay as a % of basic wage.</i>	<i>Evidence of provision or subsidization of childcare facilities.</i>	<i>Duration of Paid Family Responsibility leave in days p/a</i>
Bargaining Council	<u>5.1</u>	<u>31.9</u>	0%	<u>3.8</u>
Sectoral Determination	4	<u>20</u>	0%	<u>3.8</u>
Bilateral	<u>4.8</u>	<u>47.7</u>	0.1%	4
AWARD Benchmark	5	<u>46</u>	0.1%	<u>4.3</u>

*Underlined values are the average value of the benefit.

**Values with a % symbol reflect the proportion of agreements which show evidence of a benefit.

Table 7: BENEFITS BY BARGAINING LEVEL –Family Responsibility

	<i>Duration of UNpaid Family Responsibility leave in days p/a</i>	<i>Duration of paid Compassionate leave in days p/a</i>	<i>Duration of paid paternity leave in days p/a</i>
Bargaining Council	<u>0</u>	4.9	3.1
Sectoral Determination	<u>0</u>	<u>0</u>	<u>0</u>
Bilateral	4.2	4.5	3.7
AWARD Benchmark	4	5	4

*Underlined values are the average value of the benefit.

**Values with a % symbol reflect the proportion of agreements which show evidence of a benefit.

Table 8: BENEFITS BY BARGAINING LEVEL –Health

	<i>Evidence of employer provision of- or contribution to- medical/health cover.</i>	<i>Sick leave in days p/a</i>	<i>Evidence of Funeral assistance or benefits</i>
Bargaining Council	14.3%	<u>11.9</u>	1.7%
Sectoral Determination	0%	<u>12</u>	0%
Bilateral	6.7%	<u>17</u>	6%
AWARD Benchmark	7.1%	<u>15.8</u>	5.6%

*Underlined values are the average value of the benefit.

**Values with a % symbol reflect the proportion of agreements which show evidence of a benefit.

Table 9: BENEFITS BY BARGAINING LEVEL –Housing

	<i>Housing benefits in monthly ZAR</i>	<i>Living Out Allowance</i>
Bargaining Council	575	<u>0</u>
Sectoral Determination	<u>0</u>	<u>0</u>
Bilateral	<u>1 287</u>	<u>1 085</u>
AWARD Benchmark	<u>1 259</u>	<u>1 085</u>

*Underlined values are the average value of the benefit.

**Values with a % symbol reflect the proportion of agreements which show evidence of a benefit.

THE COMPANY REVIEW

The company review is preliminary analysis of 33 companies listed on the JSE, which have reported for the 2012 financial year. The full report will cover 88 listed companies.

Figure 10: PRELIMINARY CROSS SECTOR AVERAGE CEO REMUNERATION 2012

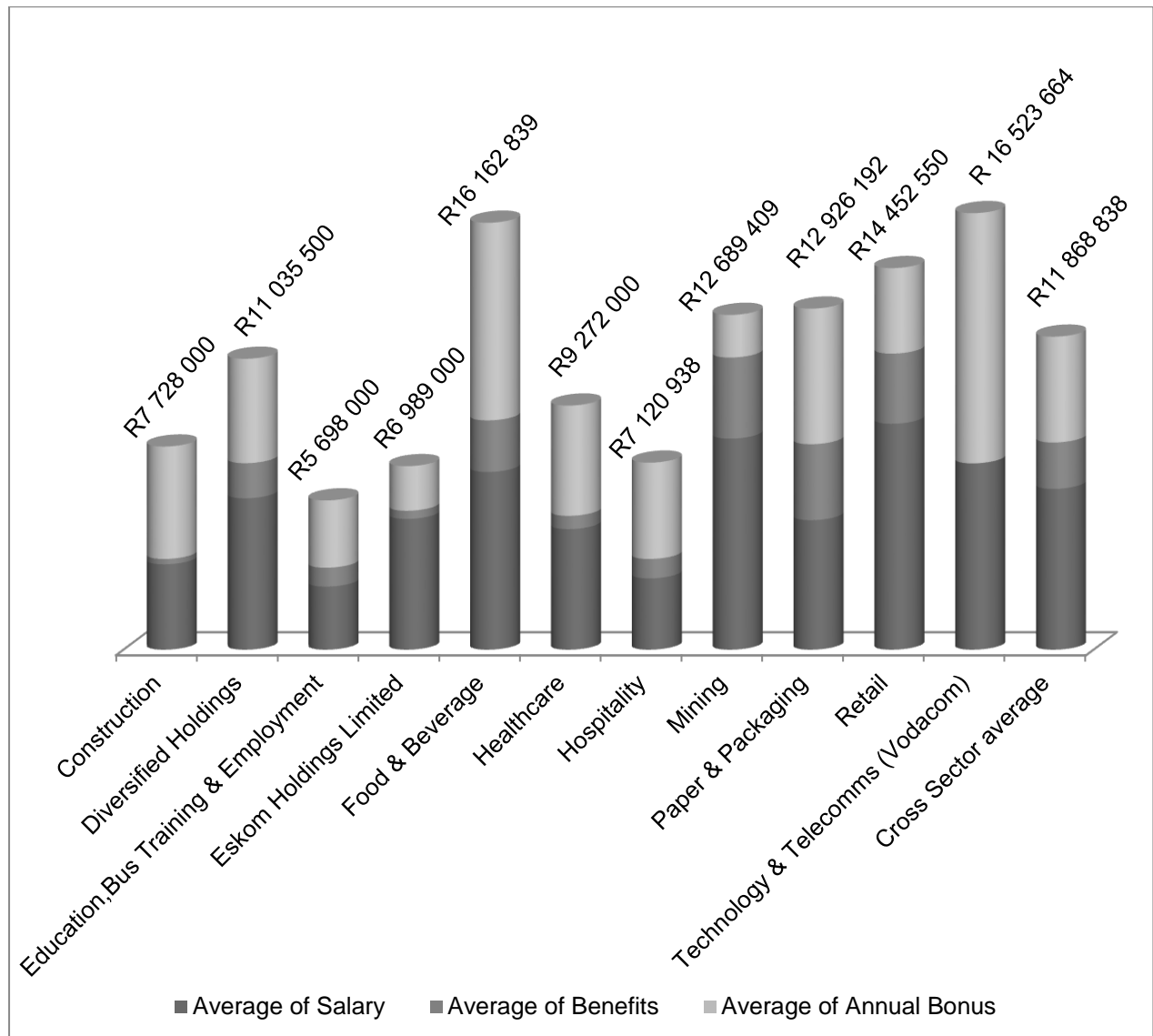


Figure 11: PRELIMINARY 2012 WORKER / CEO WAGE GAP

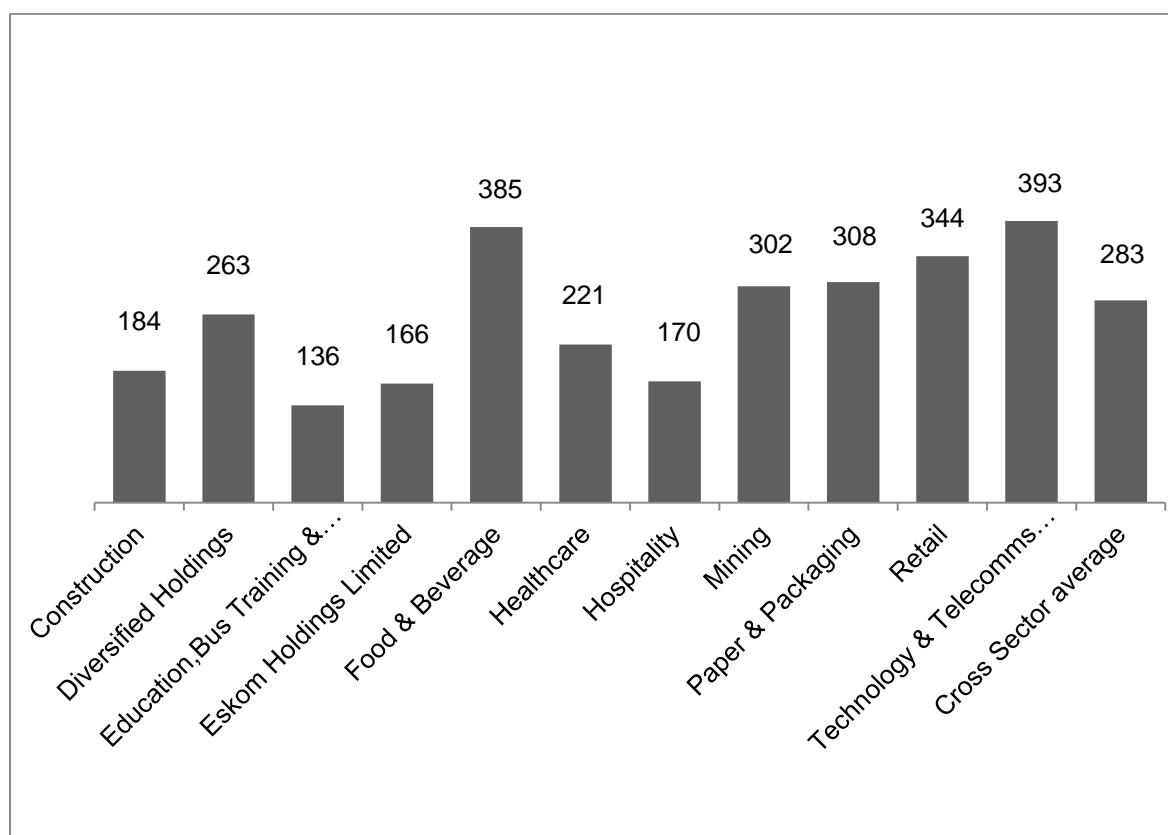


Table 10: NET PROFIT BEFORE TAX BY SECTOR, 2011-2012

	2011	2012	Change in NPBT
Construction	517 519 750	440 556 000	-15%
Diversified Holdings	2 454 500 000	3 802 000 000	55%
Education, Bus Training & Employment	195 381 000	164 762 000	-16%
Food and Beverage	7 075 368 984	10 984 062 676	55%
Health	2 385 950 000	2 808 500 000	18%
Hospitality	861 135 000	1 382 447 000	61%
Industrial	11 673 000 000	18 407 000 000	58%
Mining	39 327 061 414	30 999 994 624	-21%
Paper and Packaging	-72 261 111	1 375 501 613	
Retail	1 953 374 625	4 355 212 500	123%
Technology and Telecommunications	8 000 000 000	8 353 500 000	4%

COMMENTARY ON COSATU/NALEDI SURVEYS

State of the Affiliates Survey

- a) Information management and mapping – We require good information for key processes like bargaining and organising and also these processes generate further information, but we are not good at managing information. We need to improve our ability in this regard. The LRS is one resource that trade unions can draw on in making improvements in this area.
- b) Public sector workers as a proportion of total COSATU membership have grown dramatically over the last decade (42% in 2012).
- c) There is evidence of significant turnover in trade union membership. So while several thousand workers may come onto the books in a month or a year, so too several thousand workers might go off the books in the same period. This is important if we consider that it is more difficult to recruit a worker the second time.
- d) The experiences, strategies, tactics, lessons and insights of organising remain submerged. We are not yet learning from our collective knowledge and insight at federation level and often not even at affiliate level. The challenge will be to create sustained spaces for these discussions.
- e) The membership to trade union staff ratios are difficult to assess properly without seeing the numbers of shop stewards at the same time.
- f) The survey examines the material resourcing of organising and organisers, but it is the interplay between organisers and shop stewards that is the real resource which is at stake. How do these two role players relate, what roles do they play and what responsibilities do they hold? Also what is the understanding of these role players of the processes of recruitment, organising and bargaining?
- g) A quarter of workers (25%) did not remember a general meeting in the last year and 45% did not remember attending any union meeting in the last year. This is a comment on the level of contact we are able to maintain with workers and is something we would want to improve on.
- h) The survey looks at affiliate campaigns. It is however difficult to draw strategic insights from the analysis, but the analysis does raise questions which we should explore. What can we learn about coordination, strategy, mobilisation and communications from our campaign experiences?

- i) The survey looks at education interventions in affiliates. Education on themes such as induction (into unions and roles) accounts for 4% of education. Negotiations accounts for 0% education in 2012 and organising also 0%. Affiliates appear to find it easier to engage in education around HIV/AIDS and labour law. The analysis also isn't able to tell us about the content, methodologies and outcomes of the educational interventions.

The Workers' Survey

- j) Incomes – Those earning over R5000/month are starting to outnumber those who earn less than R2500/month
- k) The survey suggests that 40% of workers are in elementary occupations and that 27% are in skilled production work, 13% are in clerical and sales positions and 21% are managers or professionals.
- l) There is a significant proportion of COSATU membership with incomplete secondary education. This will continue to act as a brake on occupational and wage progression and skills development.
- m) The average age of workers in COSATU is 40 years.
- n) What do workers want? Almost all say that they say they want better wages, while other issues never score more than 15 or 20 percent.
- o) What are the main reasons for strikes? Almost all say wages, while other issues never score more than 15 or 20 percent.
- p) When asked what the reason were for not supporting a strike, a quarter of members (25%) said that it was because they did not support the aims of the strike and another 25% said that it would because they didn't want to lose pay.
- q) There appears to be a generalised acceptance of violence. Workers appear to find it acceptable or necessary to resort to violence to further strike action or demands, but they also appear to accept violence by other role players like employers and the police.
- r) COSATU workers appear to be more aware of discrimination than workers in other federations or workers who are not in trade unions.
- s) Issues that workers care about a lot, but on which they have low satisfaction with union work on the issue:
 - i. Childcare (women)
 - ii. Cheap transport

- iii. Support for temporary and casual workers
 - iv. Skills development
 - v. Higher wages
- t) The vast majority of workers will call a shop steward if they need support or assistance. Shop stewards are the primary point of contact with workers, members and non-members.
 - u) When asked what unions should do to strengthen support for workers, communicating rated higher than wages. Being listened to and being involved also scored high.
 - v) The survey suggests that workers feel that mandating and report back processes should be stronger.
 - w) Report back is overwhelmingly oral in nature. This is an important and powerful means of communicating and must be guarded. So too, we must explore newer technologies and approaches to counter management's domination of the communications around bargaining and settlement.
 - x) Over 5% of COSATU members said that leaders harassed women on one or more occasions. This is significant because it amounts to approximately 100 000 workers. The responses to the question did not differ by gender. Almost the same number of men and women responded in this way.
 - y) When asked why there were not more women leaders, workers referred to confidence, competence, family responsibility and partner support.
 - z) When workers were asked why they were not trade union members, the main reasons were that there was not a trade union present in the workplace and no one tried to recruit them. This is supported by the observation that two thirds (66%) of workers joined the union within one year of entering their job. Only 10% were recruited by a visiting organiser. Over 50% of non-member workers said that they could not find the union. These observations talk to the issue of the union's presence in the workplace. There is a further observation that talks to the question of the union's ability to respond to workers when they attempt to find the union. Sixty five percent of non-member workers said that when they tried to contact a union they got no response or nothing happened.
 - aa) The majority of non-member workers were not in permanent employment.

Research & Resource Strategies

1. Wage Database to support monitoring and harmonisation - Minimums and actual wages, wage movements within the bargaining unit, grades...
2. Consolidated agreements for analysis, strategy and succession
3. Model agreements – actual and desired

Bargaining Strategies

4. Long term or multi-year agreements.
5. Harmonising conditions of employment (wages and conditions) –systematic mapping and analysis to understand the lay of the land, identify gaps, benchmark upwards.
6. Extending the bargaining unit - extending conditions of employment, executive remuneration – guarding against islands.
7. Productivity bargaining – In a challenging economic environment productivity bargaining might offer a way of channelling tensions, but we need to understand and shape this. Much the same can be said for challenging existing grading systems. If we wish to challenge ways of determining value then we must be prepared to put forward alternatives and this means that we must do some of the work of designing new approaches.

Issues in Bargaining

8. Total cost to company – understand the components and what it means for settlements so that you are able to better communicate the shape of final settlement to members and explain what they are likely to see on their payslips.
9. Explaining conditions of employment, benefits, deferred benefits and costs to members.
10. Family Responsibility Leave – compressed benefit (paternity, childcare, compassionate...).
11. Gender at work - access to employment, support in employment, pay...
12. Analyse company performance over time, don't get stuck in a one year bubble.
13. Dedicated company financial task team to provide support to efforts to fight retrenchments and restructuring.

14. Look at the composition of executive remuneration (salary, benefits, bonuses and long term incentives).
15. Developing the link between Organising and Bargaining, educational interventions that develop the strategic orientation of collective bargaining, LRS works with a core group who take the work deeper into the union.
16. New and renewed approaches to bargaining, below the line communications strategies, strategy, technology, facilitation skills...
17. An Industry/Sector Task Team
Some industries and sectors present a union with very particular conditions both in terms of organising and bargaining. In industries and sectors with low union density union should consider setting up a task team geared towards providing bargaining and organising efforts with direction in terms of mapping existing pay and conditions, identifying low and high density companies, the size of companies, contact points and innovating new approaches to accommodating workers in shorter term and temporary employment.

Education strategies

18. Strategic bargaining – linking organising to bargaining (along with information, research and education).
19. Target worker leaders, shop stewards and organisers (activists)
20. Mobilise resources to support education (LSOs and SETAs)

Development strategies

21. Trade Union Development Indicators

The LRS would like to work with unions to establish a baseline measure against a Strategic Framework of Trade Union Development Indicators.

The indicators explore the state of the union in relation to four key characteristics of progressive trade unions.

Characteristic A: Representation

Characteristic B: Internal Democracy

Characteristic C: Solidarity

Characteristic D: Social activism and dialogue

This exercise could support organisational renewal processes, measure progress over time and stimulate strategic discussion within the union.

IN CLOSING

Another way of putting the challenges of bargaining and organising is to ask, “Who is the collective and what is the bargain?”

Drawing on the NALEDI surveys, we might say that **the collective** is middle aged men, many of whom are in skilled production, clerical and managerial or professional positions in large companies or institutions and who are often religious and are community oriented. The challenge is to build on the positive qualities of this collective and to bring others more firmly into this collective.

The bargain is modest wage increments, protection in well unionised workplaces and isolated gains in benefits. The challenge is to renew the character of bargaining. The challenge is to facilitate bargaining processes which members feel involved in and which workers believe that they have ownership of. The challenge is to facilitate bargaining processes which members believe are talking up their struggles and which are sensitive to the interests of workers who lie outside the bargaining unit or the union, but within the workplace. This will be more important than this or that percentage.

We need to break the idea that we must organise workers before we can consider representing their interest. If we look to our history, the history of the progressive black trade union movement in South Africa which emerged in the 1970s, we find a movement that did not wait for permission to organise groups or layers of workers. We find a movement that took up the interests of workers and often built organisation on the back of taking up worker interests.