



5th

COSATU

CENTRAL COMMITTEE

COSATU



Book 4

Naledi Research Paper on Living Wage

“Building COSATU engines to heighten class consciousness for an alternative development path”

National Anthem

Nkosi sikelel' iAfrica
Maluphakanyisw' uphondo lwayo
Yizwa imithandazo yethu
Nkosi sikelela, thina lusapho lwayo

Morena boloka setjhaba sa heso,
O fedise dintwa le matshwenyeho,
O se boloke, O se boloke setjhaba sa heso,
Setjhaba sa, South Afrika — South Afrika.

Uit die blou van onse hemel,
Uit die diepte van ons see,
Oor ons ewige gebergtes,
Waar die kranse antwoord gee,

Sounds the call to come together,
And united we shall stand,
Let us live and strive for freedom
In South Africa our land.

The Internationale

Arise ye prisoners of starvation
Arise ye toilers of the earth
For reason thunders new creation
'Tis a better world in birth

Never more traditions' chains shall bind us
Arise ye toilers no more in thrall
The earth shall rise on new foundations
We are but naught we shall be all

Chorus
Then comrades, come rally
And the last fight let us face
The Internationale
Unites the human race

i-Internationale

Vuka n'ziggilla zezwe lonke
Vukan'ejokwen'lobugqlli
Sizokwakh'umhlaba kabusha
Siqed'indlala nobumpofu.

Lamasik'okusibopha
Asilwise yonk'Incidezelot
Manj'umhlab'anesakhiw'esisha
Asisodwa Kulomkhankaso

Chorus
Maqaban'wozan'sihlanganeni
Sibhekene nempl
Yarnanqamu
i-Internationale
Ibumb'uluntu lonke

Solidarity Song

When the union's inspiration through the
workers' blood shall run,
There can be no power greater anywhere
beneath the sun;
Yet what force on earth is weaker than the feeble
strength of one.
But the union makes us strong.

Chorus:
Solidarity forever,
Solidarity forever,
Solidarity forever,
For the union makes us strong.

Is there aught we hold in common with
the greedy parasite,
Who would lash us into serfdom and
would crush us with his might?
Is there anything left to us but to organize
and fight?
For the union makes us strong.

Chorus
It is we who plowed the prairies; built the
cities where they trade;
Dug the mines and built the workshops,
endless miles of railroad laid;
Now we stand outcast and starving midst
the wonders we have made;
But the union makes us strong.

Chorus
All the world that's owned by idle drones
is ours and ours alone.
We have laid the wide foundations; built
it skyward stone by stone.
It is ours, not to slave in, but to master and to own.
While the union makes us strong.

Chorus
They have taken untold millions that they
never toiled to earn,
But without our brain and muscle not a
single wheel can turn.
We can break their haughty power, gain
our freedom when we learn
That the union makes us strong.

Chorus
In our hands is placed a power greater
than their hoarded gold,
Greater than the might of armies.
magnified a thousand-fold.
We can bring to birth a new world from the
ashes of the old
For the union makes us strong.



Towards a COSATU Living Wage Conference: A NALEDI Research Report

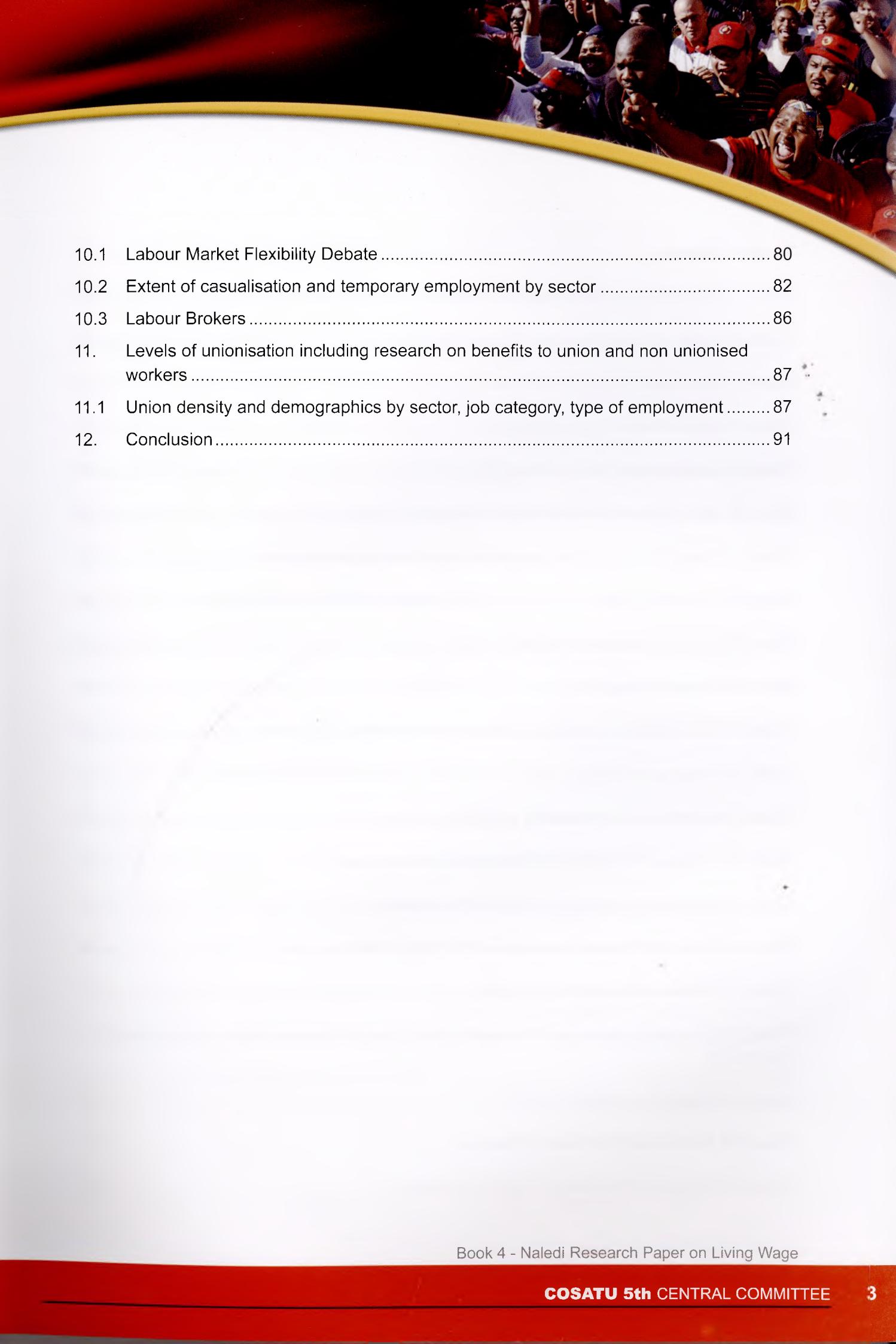


June 2011



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1. Introduction and Background

COSATU's demand for a Living Wage is not a new campaign. For COSATU, the demand for a Living Wage has been one of its foremost campaigns to improve wage income and working conditions of workers. The concept of a 'Living Wage' ironically found its footing in the activities of the old Wage Board (1936 - 1943) that was established through the 1925 Wage Act.

Nattras and Seekings suggest that the old Wage board during this period was sympathetic towards black unskilled workers and even worked closely with black trade unions. The Wage Board took very active steps in endorsing a 'living wage' concept by introducing minimum wage legislation and cost of living allowances in 1942. According to Nattras and Seekings this was an important contributor in narrowing the wage differential between black and white workers during the war period. These gains were of course entirely lost as soon as the National Party was elected in 1948, with a dramatic decline in wage determination coverage during 1948 and 1957 amongst black workers

Interestingly, the decline in living standards post-1948 fuelled the growth in membership of the South African Congress of Trade Unions (SACTU). Between 1956 and 1961, membership grew from 20 000 in 19 affiliates to 53 000 members in 51 unions.

In moving against the pre-war Wage Board traditions, the apartheid state deliberately sought to isolate black trade unions by unilaterally instituting minimum wages for black workers. Much of the new minimum wage determinations deliberately aimed at undermining the gains made by black workers during the early 40's and sought to create even greater wage differentials between race and sectors.

The SACTU campaign for a minimum wage of "one pound a day" emerged during this period and laid the basis for COSATU's Living Wage Campaign.

Undoubtedly, the re-emergence of the COSATU Living Wage Campaign during the 80's and 90's was important. The essence of this campaign was to ensure that workers are covered through minimum basic conditions and have the right, through collective bargaining, to improve wages and working conditions at the workplace. The right to bargaining was an important demand coupled with the need to significantly improve the wage income of black workers during the 1980's. The ability to negotiate better gains at a shop floor level was an important process to consolidate workplace bargaining and democracy by undermining the racial

¹ Nattrass, N and Seekings J (1997); The Wage Board: Empowerment or Emasculation? South African Labour Bulletin, Volume 21, Number 5, October 1997

² Ibid

³ COSATU, Hlanganani Basebenzi a brief history of COSATU, Celebrating twenty years of the Congress of South African Trade Unions, November 2005

⁴ Ibid



segregated Industrial Council system in many sectors, coupled with unilateral wage setting through the apartheid Wage Boards.

The shift towards the demand for centralized bargaining was a strategic and important shift for the Federation and its affiliates. Though not agreeing to a national minimum wage, COSATU sought to ensure that sectors through centralized bargaining set sector norms and standards on wages and conditions of employment. This objective was based on an assumption that post apartheid labour legislation would enforce sector bargaining and thus set national sector minimum wages and employment conditions. The failure to institute obligatory bargaining arrangements in post apartheid labour relations dispensation at sector level was a blow to COSATU's campaign for centralized bargaining and the demand for a Living Wage.

For many unions the demand for Living Wage had now become officially decentralized to a sector level, with very little coordination from the Federation. Affiliates developed more or less their own sector demands on wages and working conditions with very little regard for wage conditions outside of their sector. Undoubtedly, the result of a poorly coordinated national strategy on a Living Wage meant different and very disparate outcomes for many workers, with poorly unionized workers in certain sectors not achieving what their counterparts would gain through collective bargaining in other.

Weaknesses in our ability to coordinate a minimum living wage demand meant that affiliates had to strategies and develop more specific sector wage demands. This of course is not an entirely bad idea but, instead, provided biasness to better resourced and organized affiliates with better union density in contrast to less organized sectors. This lead to an "inward" looking approach on wages and working conditions, with less solidarity to precarious, low wage workers in other sectors

This ensured that organized sectors leading the demand for a living wage, with relatively better gains than their counterparts in other sectors of the economy. For instance the National Union of Metal Workers (NUMSA) ability to consolidate bargaining in the Metals and Engineering Sector has seen better gains for workers on wage and other benefits relative to farm workers or domestic workers, for example.

Lastly, the inability of the Federation to coordinate the core principles underpinning a Living Wage campaign such as guidelines for minimum wages and wage increases set on "a cost of living" logic was not forthcoming.

In December 2002, the Living Wage campaign, received significant impetus at the COSATU CEC. The CEC resolved the need to develop a strategy to take forward the Living Wage campaign that would;

- Take into consideration and help affiliates that have large employers and bargaining



councils; and those in less well organized sectors and precarious sectors

- Provide guidance that would facilitate sector bargaining strategies on wage demands

In addition the Central Executive Committee identified three main aims of a Living Wage Campaign;

Firstly, that it should facilitate a learning process across the Federation and allow affiliates to learn from each other's experiences;

Secondly, it allows us to set new baselines and develop common demands and models in key areas, that define new norms and standards for all employers;

Thirdly, it provides a framework for affiliates to support each other at regional and local level and promotes greater wage solidarity

These aims remain relevant today, however the inability to find practical expression remains a challenge for COSATU. The core proposals emerging out of the December 2002 CEC on developing a guide for average and/or minimum wage increases; publishing profits and executive earnings per sector (though done in some sectors); a common timeframe for wage negotiations have never found reality within the Federations or even within some affiliates.

COSATU's 9th National Congress in September 2006 argued forcefully, that a living wage is the primary means for workers "to fight poverty... close the apartheid wage gap and [address] broader inequalities in our society." For this reason, the federation insisted that "the living wage should be the cornerstone of the work of the trade union movement." These sentiments were re-echoed in the 10th National Congress held in September 2009 where COSATU emphasised, once again, that a Living Wage "must be the cornerstone of fighting poverty" and that the federation and its affiliates "must continue to fight for a Living Wage".

To give meaning to the idea of a Living Wage, and to realize COSATU's call to make the Living Wage the "cornerstone of the work of the trade union movement" it has been agreed that the federation will organise a major Living Wage Conference in 2011.

This research paper provides a framework for gathering and analyzing important data for use to inform the conference deliberations.

1.1 Why a Living Wage?

Living wage is a term variably used to describe a minimum wage sufficient to cover a specific quality and quantity of housing, food, utilities, transport, health care and recreation. The concept differs from that of a minimum wage in that the minimum wage, whilst legislated may not be sufficient to meet the requirements of a Living Wage. The two concepts are however similar in the sense that they often mandate the increase in wages of certain sections of



the economy by avoiding the necessary employment trade-off's commonly associated with minimum or decent employment standards. The concept of a Living Wage is a cornerstone of a just and equitable society. A huge determining factor in the levels of poverty and inequality in South Africa is the pervasiveness of low-paid work, often termed "poverty wages".

2. Supporting a Minimum or Living Wage

From the standpoint of standard economics, a minimum wage is justified where market imperfections mean the free-market wage has undesirable short-run or long-run effects on the labour market. There are many arguments for why it would be important to push for a minimum wage/ sector specific minimum remuneration levels in South African.

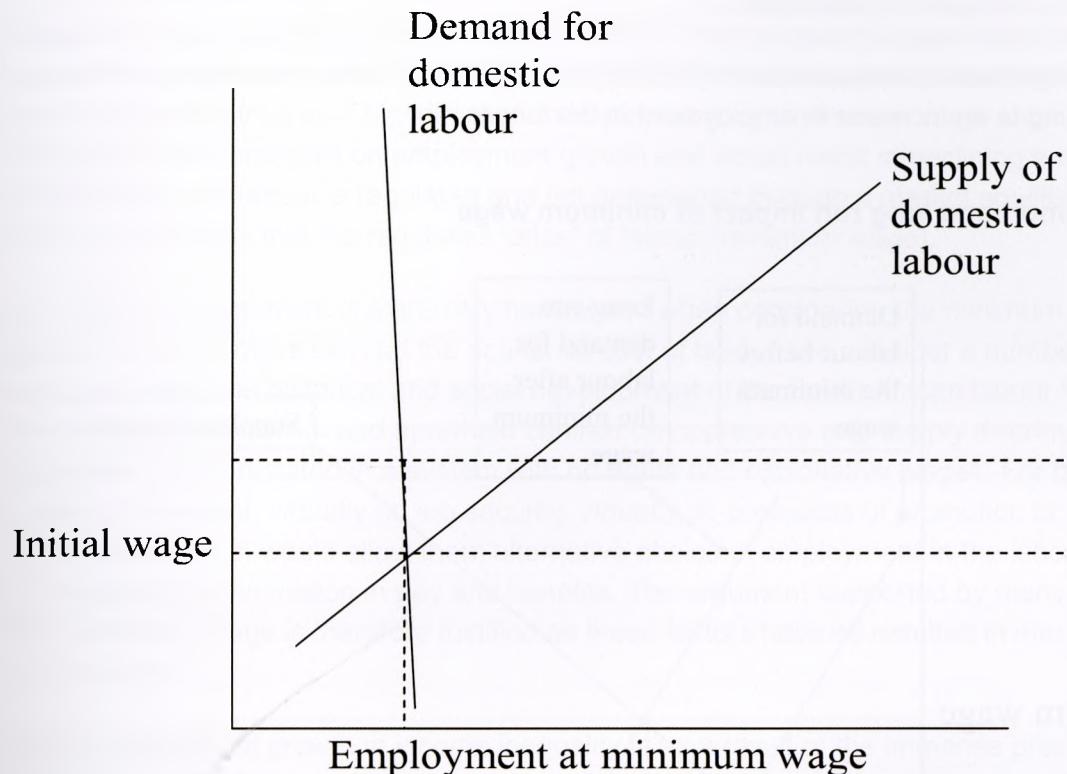
In SA this maybe justified in the context of labour market imperfections as a result of Apartheid and the continued vulnerability of employees in certain sectors of economy such as domestic employees for example.

For instance, for many working people, domestic labour is worth more than they actually pay. In the early 1990s, survey data showed that domestic workers' wages stayed at 4% of white workers' average salary. That suggests that the wages had no real relationship to the contribution made by the domestic workers to the household economy. Most of those families would be willing to pay more if they had to, rather than lose the domestic support or have to use equivalent outside services such as laundromats and takeaway food.

Alternatively, they would continue to pay 4% of their income, and employ someone on only a part-time basis. In that case, the income of domestic workers as a whole would not decline, although as a group they would work fewer hours. This would presumably be a desirable outcome for the group. It might mean, however, that some workers would lose too many hours while others would find work for more than one household.

We can graph this situation as highly inelastic demand for domestic labour, combined with a normal supply curve. This would mean that even with a minimum wage established in 2002, employment in the sector did not significantly decline in the short run. With the higher minimum wage, more people may want domestic work, but there are almost no actual job losses.

Figure 1: Minimum wage where demand for domestic labour is highly inelastic



While the immediate impact of a minimum wage level for specific sector may cause some short term employment loss a legislated increase in pay may in itself lead to an increase in employment in the longer run. There are two possible mechanisms for this.

First, very low pay may lead to a low-productivity trap, where employers do not invest in their workers through training, mentoring, efforts to ensure retention and therefore improve aggregate productivity levels in the workplace. As a result, productivity remains low, cutting into profits and limiting overall employment creation. In this case, by legislating a minimum wage, the state may encourage employers to increase their investment in workers, leading to higher productivity and ultimately growth in employment.

For instance, a minimum wage for farm workers should give employers an incentive to provide more training. That, in turn, should lead to higher productivity in the sector. As productivity rises, investment should also increase, ultimately leading to more employment creation. Similarly, unionisation on the mines led to higher pay and ultimately to the shift to a more skilled, more permanent labour force for example.

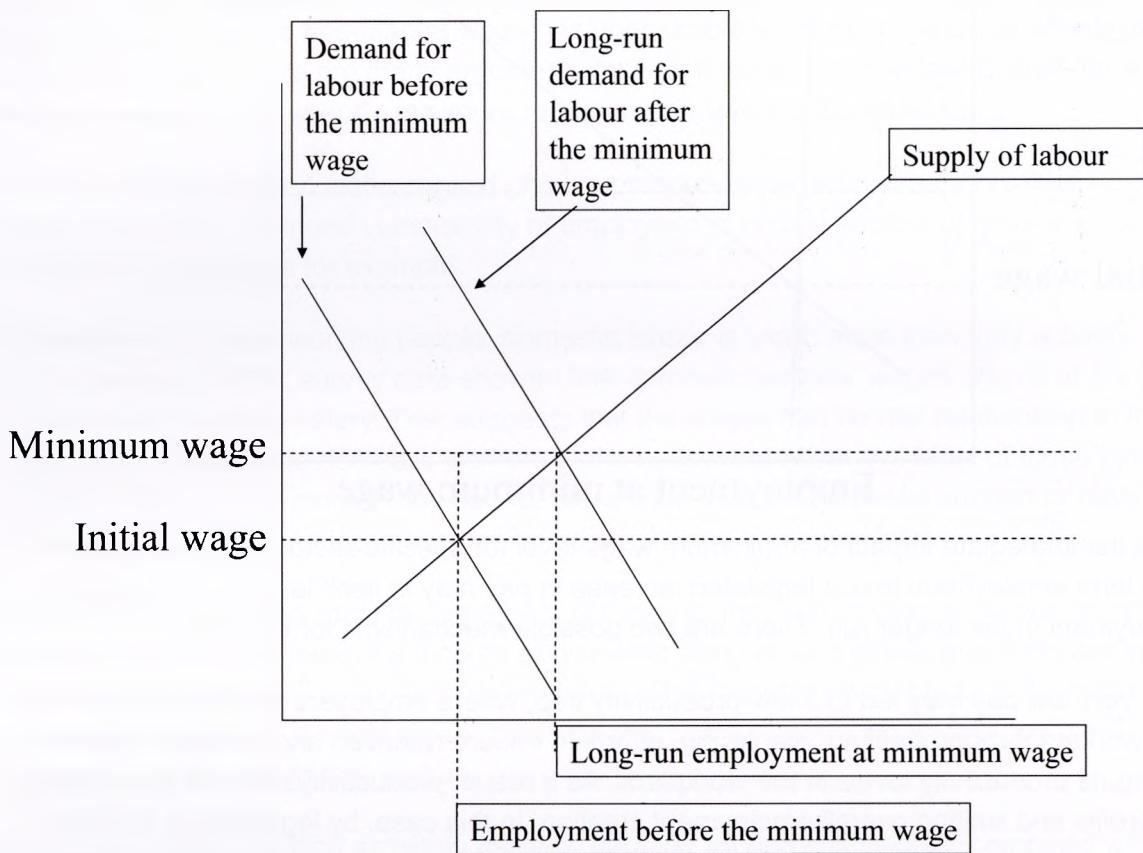
Secondly, higher pay should lead to increased demand for basic goods. As these goods are more likely to be produced in South Africa, that in turn would stimulate local economic growth, leading to higher demand. There is considerable evidence that countries with more



equitable income distribution grow faster and create more employment; a legal minimum wage could contribute to this process.

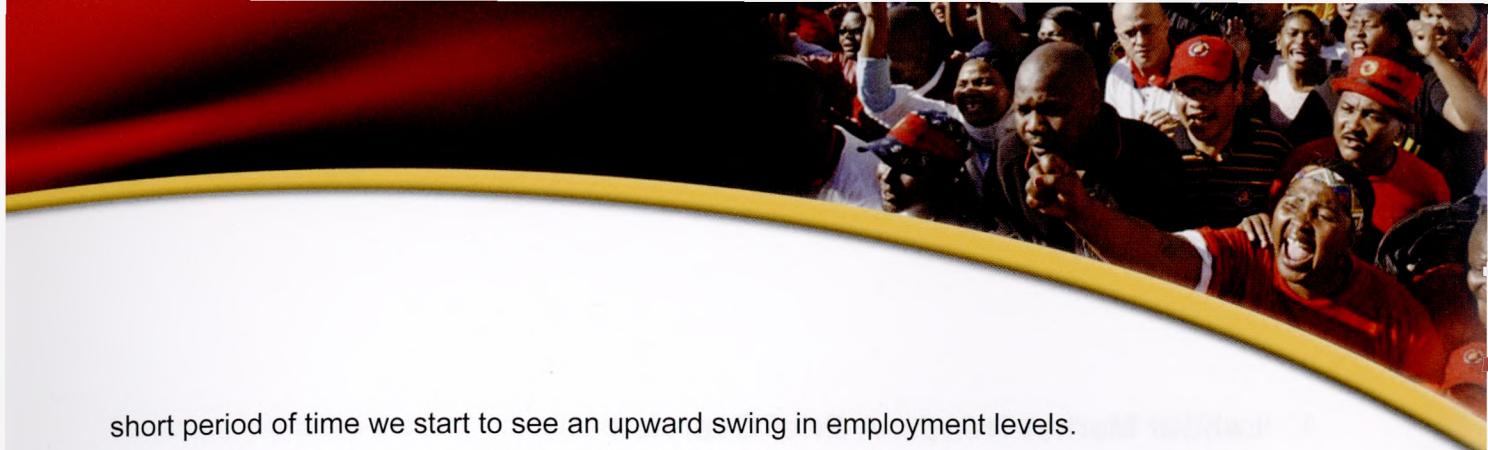
The following chart illustrates the shift in demand for labour that may result from a minimum wage, leading to an increase in employment in the longer run.

Figure 2: Short and long run impact of minimum wage



The extent to which labour demand may be highly inelastic when minimum wage settings have been introduced, can be better illustrated by looking at sector employment trends. Though these patterns show short term employment trends, the long run effect may significantly increase employment creation.

With the introduction of a minimum wage through a Sectoral Determination in 2002, employment levels declined from September 2003 to 2005. In September 2006, the data however shows an increase in overall agricultural employment to just under 1.1 million workers from as low an estimate of 960 000 workers in September 2005. Though this remains below the September 2002 level, employment in the short term declined but in a



short period of time we start to see an upward swing in employment levels.

Those who argue against a minimum wage contend that minimum wages effect employment growth. This implies that when a minimum wage is set, the demand for labour decreases and given that South Africa has a high level of unemployment, any minimum wage setting would continue to place pressure on employment growth and would result in declining employment, since the “cost” of labour is regulated and not determined through a market equilibrium price; which could be less than the regulated “price” of labour (minimum wage).

By contrast this argument is extremely narrow and when considering the minimum wage there is a need to move beyond the economic cost of labour and consider a number of factors including the historical and social development of the South African labour Market. The history of colonialism and apartheid centred on oppressive and deeply discriminatory labour laws which resulted in a system with no rights and exploitative wages. For black workers, this meant: virtually no job security, virtually no prospects of promotion or obtaining additional skills that would allow them alternative choice of employment in the labour market and on-going discrimination in pay and benefits. The argument supported by many, suggests that a minimum wage is therefore justified as these factors have all resulted in market imperfections.

Third, the significant growth in income inequality is as a result of the immense pressure on real wage income failing to rise in tandem with productivity improvements and economic growth global pre-crisis period.

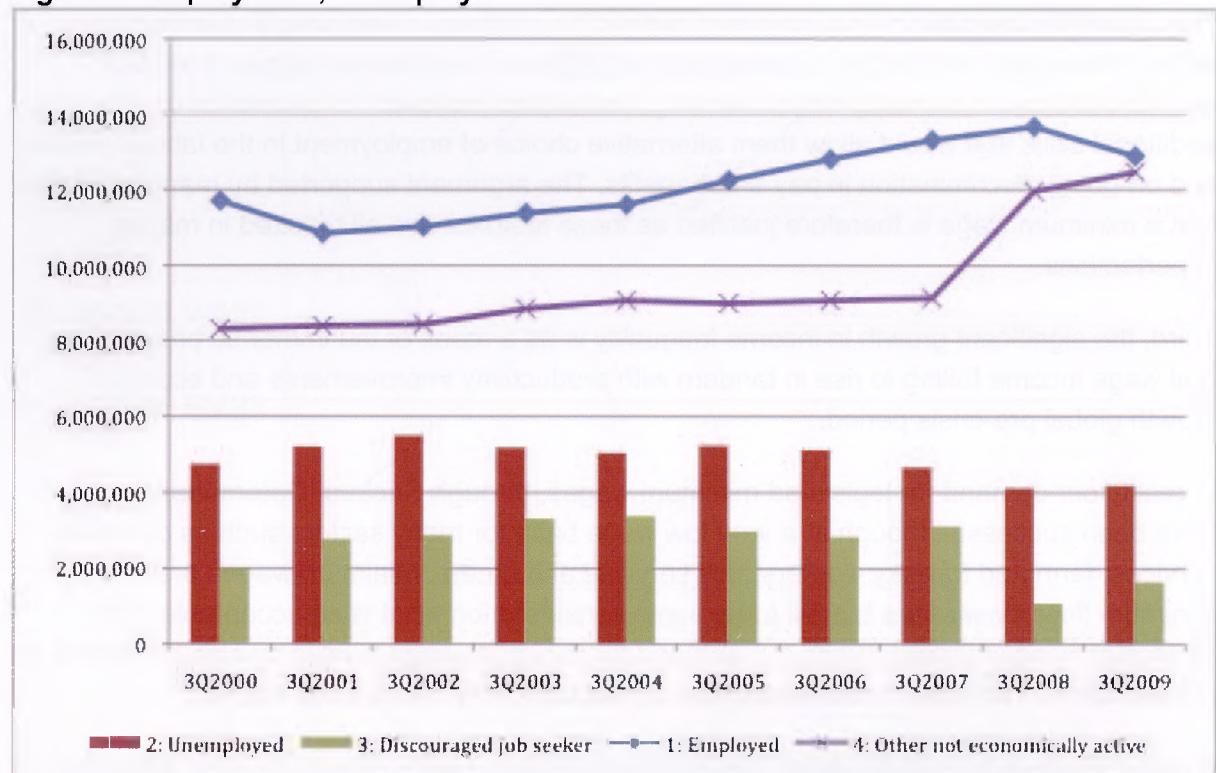
In reality our demand for legislated minimum wages, through Sectoral Determinations, have been successful though at a very low wage base for many sectors such as domestic services, farm and forestry workers, taxi services and others. Minimum wages provide a minimum floor for workers but fail to take into consideration what is an acceptable living income or living standard. While our demand for minimum wage level is crucial, surely this is not sufficient to achieve or define what we must consider to be a Living Wage.

A Living Wage is not simply about meeting the minimum levels of food, housing, transport or education needs, for example. It has to move many low or underemployed workers out of poverty wages and create a sustainable wage income strategy that by far meets all basic needs, improve skills and employment opportunities; and reduces income inequality and poverty.

3. Labour Market Trends: A Brief Overview

According to the StatsSA Labour Force Survey, the South African labour market has been characterized by a gradual rise in the number of employed individuals between 2002 and 2008 (See chart below). Accordingly, the number of employed individuals rose from 11,019,806 during the third quarter of 2002 to settle at 12,884,565 during the third quarter of 2009. Employment hence grew an average of 3% between 2003 and 2008. This was also accompanied by an annual average decline in unemployment of 1.5% during the same period.

Figure 3: Employment, Unemployment and other Labour Market Characteristics



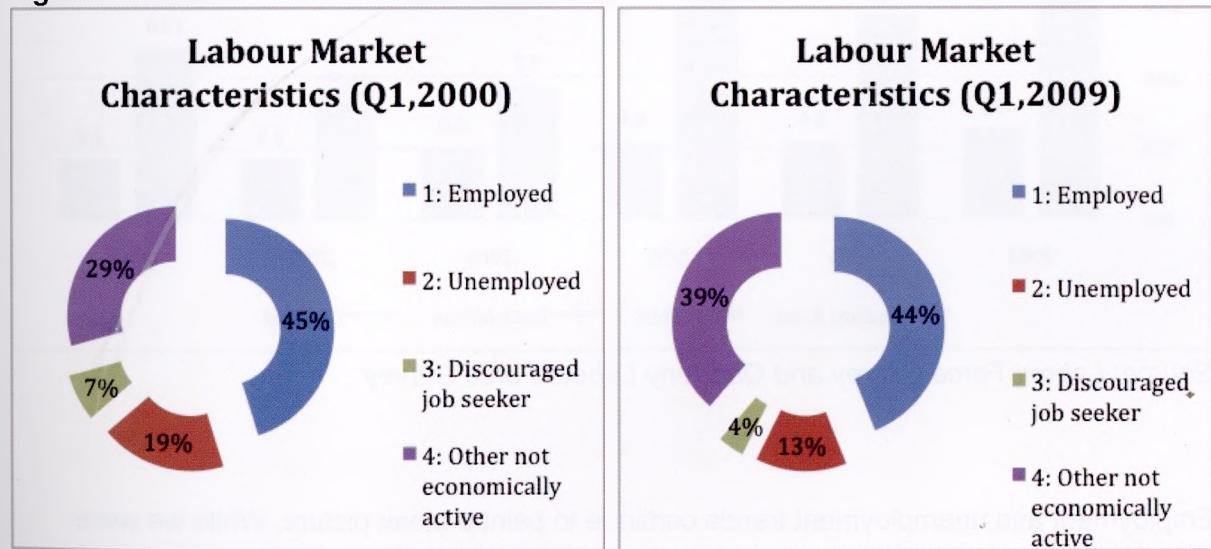
Source: Labour Force Survey and Quarterly Labour Force Survey, Q3 from 2000 - 2009

The period was also accompanied by a general decline in the proportion as well as number of discouraged job seekers. The number of discouraged job seekers is estimated to have declined from a total of 1.8 million in the first quarter of 2000 to around 1.6 million as of the third quarter of 2009. This translated in a reduction in the total proportion of discouraged job seekers, from 7% as of the first quarter of 2000 to around 4% as at the end of the first quarter of 2009.

However, this hides the fact that after declining 41% between the first quarter of 2000 and the third quarter of 2008, the number of discouraged job seekers rose 52% between the third quarter of 2008 and the end of the first quarter 2009. The total number of discourage workers hence declined from 1.8 million in the first quarter of 2000 to around 1.1 million during the third quarter of 2008, before rising to settle at 1.6 million as at the end of the third quarter of 2009 – almost decimating, in just one year, the gains made in reducing the number of discouraged workers in eight years.

Compounding this is the fact that after shedding more than one million jobs during the recession last year and in this year, the economy has continued to shed jobs at a time that it is recovering (GDP growth) from the recession. This trend highlights the danger the economy faces of unemployment hysteresis. Simply put, unemployment hysteresis refers to a condition when formerly employed people who have lost their jobs due to economic shocks end up in perpetual unemployment to the extent that they give up looking for jobs hence increasing the stock of discouraged job seekers.

Figure 4: Labour Market Characteristics



Source: *Labour Force Survey and Quarterly Labour Force Survey, Q1 2000 and 2009*

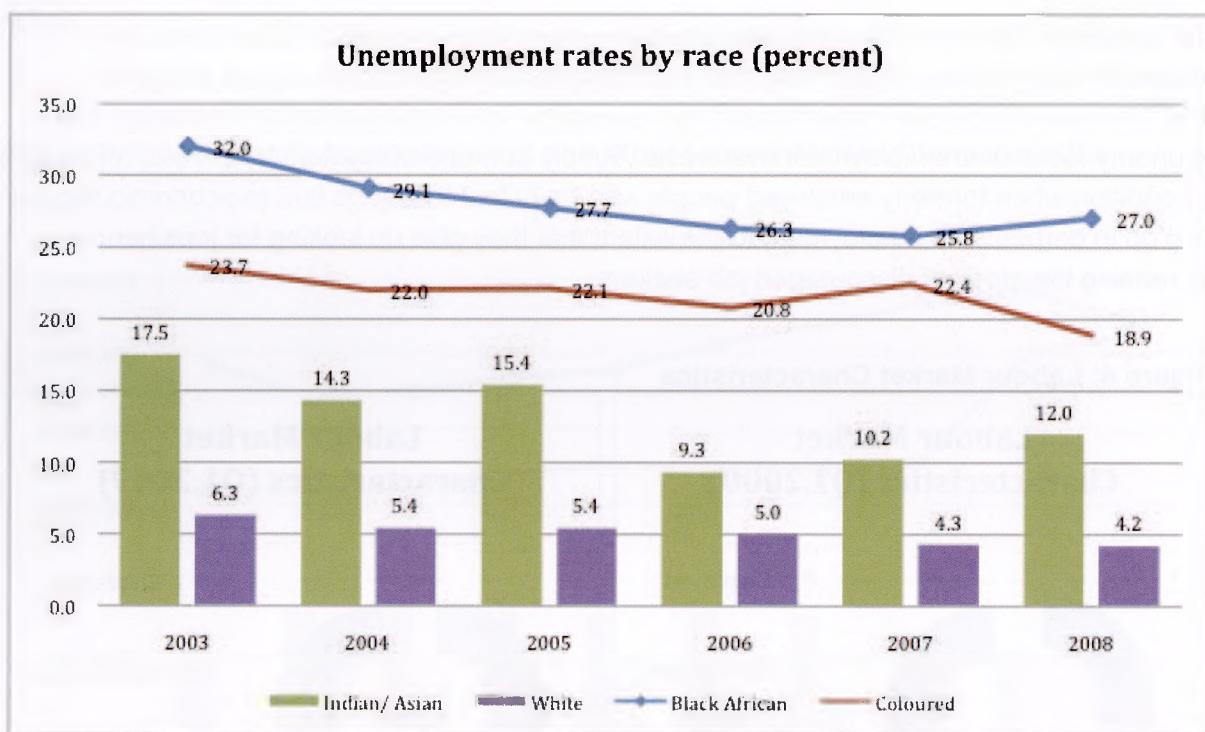
Analyzing unemployment rates by race further reflects the extent of labour market disparities with the statistics showing high unemployment levels amongst non-whites in general and black Africans in particular (See chart below). This means that amongst the workers, non-whites have not been able “to effectively use their labour in order to better their living conditions.⁵”

⁵ StatsSA. 2009. Labour market dynamics. P3-4



The chart below summarises the unemployment rates amongst the different races in the country as reported by StatsSA. It can be clearly seen from this that unemployment rates have been disproportionately high amongst the black African and Coloured groups. In contrast, unemployment rates amongst Whites have remained consistently low whilst the largest drop in unemployment rates was amongst the Indian/Asian race group.

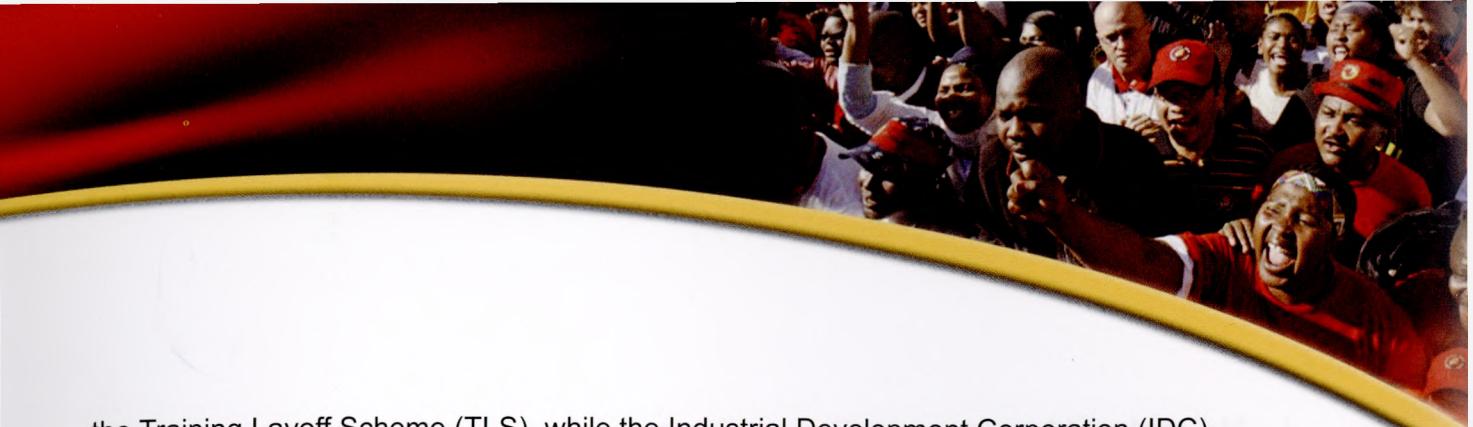
Figure 5: Unemployment Rate by Race (%)



Source: *Labour Force Survey and Quarterly Labour Force Survey*

Employment and unemployment trends continue to paint a bleak picture. While we were able to make some employment gains during our growth period in the 2000's, our level of unemployment has shifted back to our pre-growth levels. It is unlikely that employment gains will be achieved in the short-run given our declining industrial base and no significant intervention to re-structure our economy. Secondly, our response to the crisis was swift and significant, with all social partners clamouring on board to ensure we respond effectively and mitigate any potential fallout to the global crisis. In a very short space of time NEDLAC was able to conclude the National Framework Agreement (NFA) in response to the Global Economic Crisis. However, when measured against other country response to the crisis, we faired very poor in saving little jobs, if any.

Recent, data provided by the CCMA shows that approximately 6000 jobs were saved through Book 4 - Naledi Research Paper on Living Wage



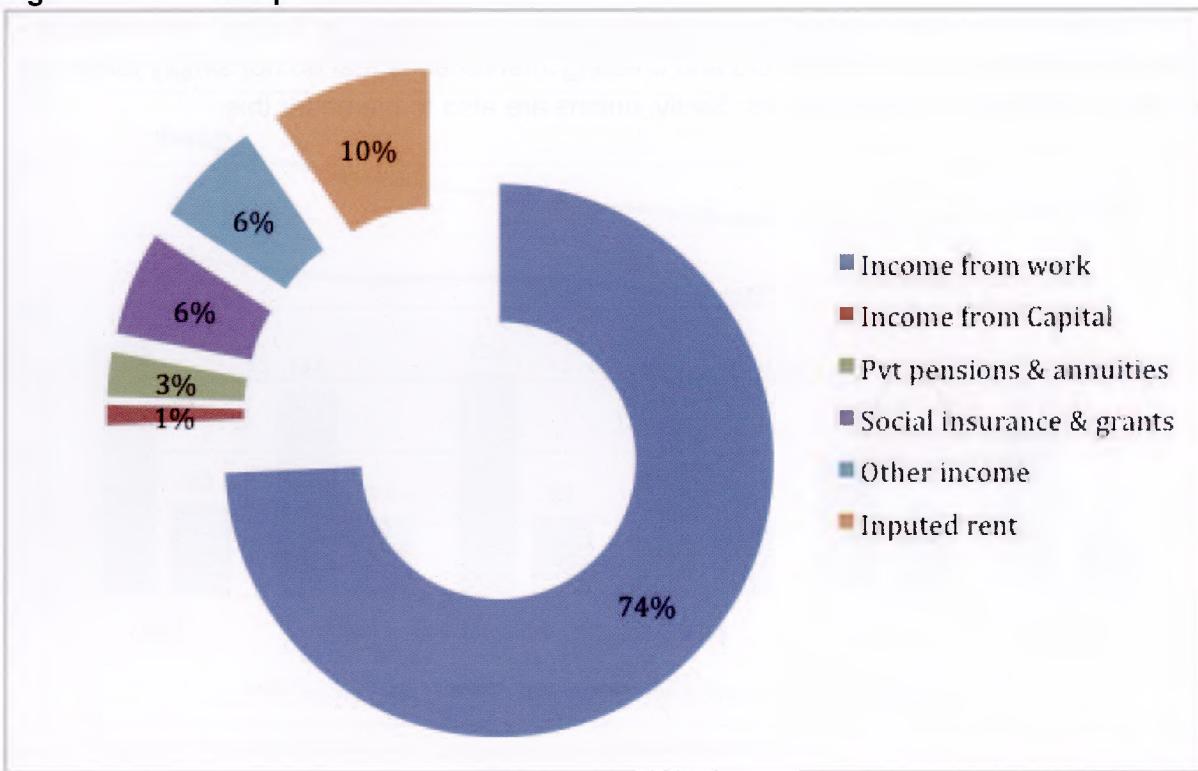
the Training Layoff Scheme (TLS), while the Industrial Development Corporation (IDC) through their interventions saved an estimated 17 000 jobs (very rough estimates and could not be adequately substantiated). Notwithstanding these important interventions, they may have come a little too slow and too late.

It should be noted that our response to economic crisis or economic restructuring (as in the early and mid 90's) is poor, slow and very inadequate. To some job losses are seen as normal cyclical process, with very little regard of its impact on households and communities. There are very few interventions that can be counted in mitigating job losses, developing a concerted process to re-skill workers and creating interventions that do not simply follow the "quick fix" solution of retrenchments. Sadly, unions are also to blame for this.

4. Household Income and Expenditure

According to the Statistics South Africa Income Expenditure Survey (IES 2005/2006), the annual gross income of South African households is estimated at R929,2 billion. This is largely composed of income from work activities which accounts for almost three quarters of gross income. Of this, 65% is from salaries and wages.

Figure 6: Main Components of Household Income

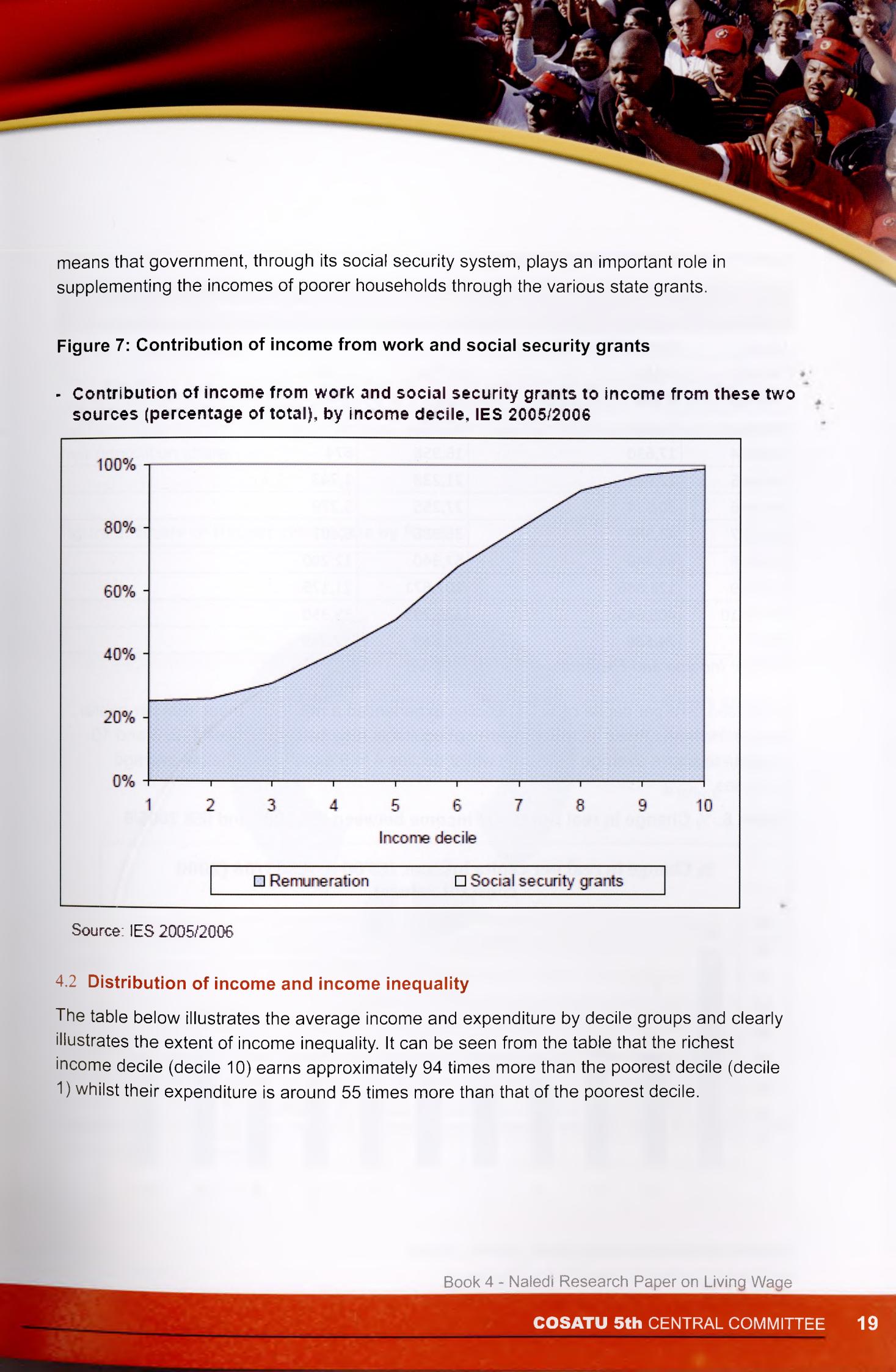


Source: *Income and Expenditure Survey 2005/6*

4.1 Sources of income

In terms of sources of income, StatsSA data indicates that households differ widely in terms of their main sources of income. The main income sources of households whilst different by income groups, includes salaries, wages, self employment and business income. Included are grants and other income derived from the national social security system.

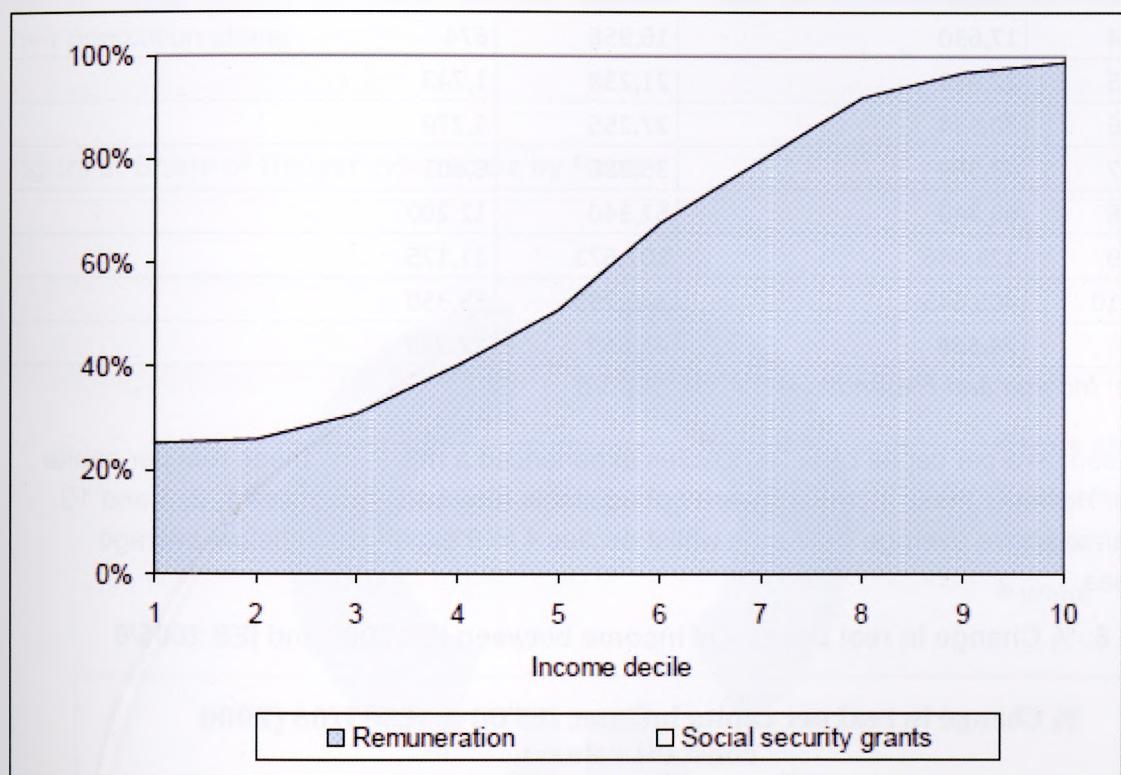
Poor households are generally less able to access wage and salary income hence lowering the incidence of wages and salaries as their main source of income. They tend to be more reliant on the state social security system to provide their main source of income. This is reflected by the chart below which depicts the contribution of income from work and social security grants by income decile. It can be seen that income from the social security system accounts for a large proportion of income amongst households in the poorer deciles. This



means that government, through its social security system, plays an important role in supplementing the incomes of poorer households through the various state grants.

Figure 7: Contribution of income from work and social security grants

- Contribution of income from work and social security grants to income from these two sources (percentage of total), by income decile, IES 2005/2006



Source: IES 2005/2006

4.2 Distribution of income and income inequality

The table below illustrates the average income and expenditure by decile groups and clearly illustrates the extent of income inequality. It can be seen from the table that the richest income decile (decile 10) earns approximately 94 times more than the poorest decile (decile 1) whilst their expenditure is around 55 times more than that of the poorest decile.



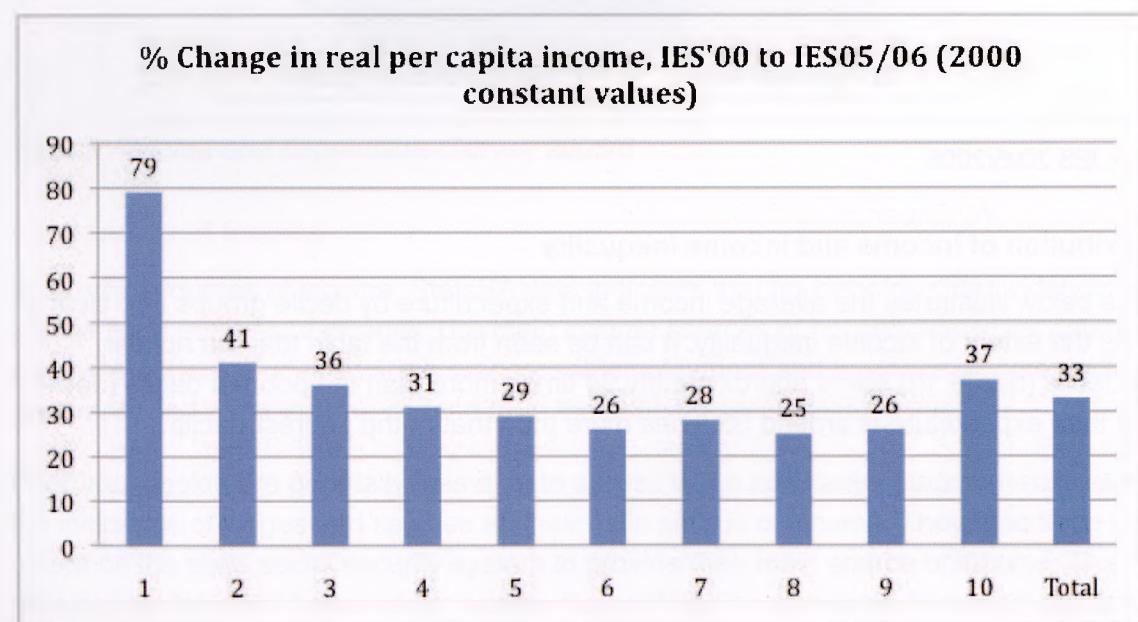
Table 1: Income Distribution by Decile

	Income	Expenditure	Difference (income - expenditure)
Decile	Average Rands per annum		
Decile 1	4,214	5,775	-1,561
Decile 2	9,592	9,885	-293
Decile 3	13,300	13,352	-52
Decile 4	17,630	16,956	674
Decile 5	22,981	21,238	1,743
Decile 6	30,534	27,255	3,279
Decile 7	43,589	36,986	6,603
Decile 8	69,540	57,340	12,200
Decile 9	128,846	107,671	21,175
Decile 10	405,645	320,295	85,350
Total	74,588	61,669	12,919

Source: *Income and Expenditure Survey, 2005/6*

Expressed on a per capita basis, all deciles experienced a rise in the mean real per capita income. However these increases were not equitable (see below). Deciles 1, 2, 3 and 10 experience above average increases whilst deciles 4 to 9 experienced below-average increases.

Figure 8: % Change in real per capita income between IES 2000 and IES 2005/6

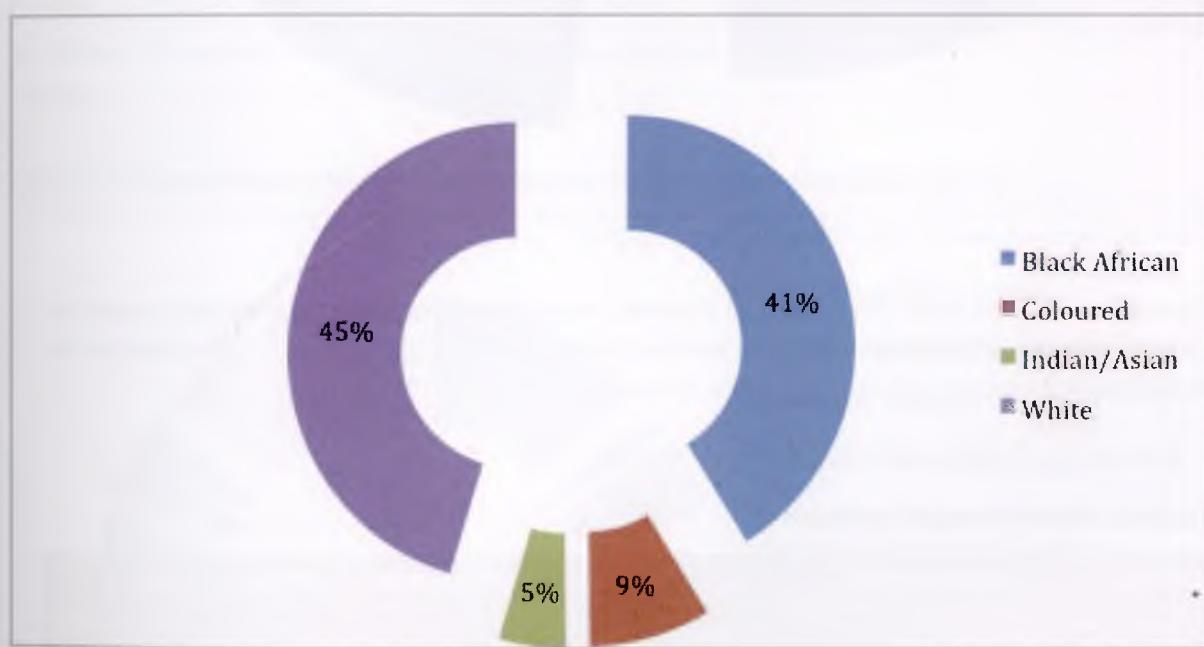


Source: *Income and Expenditure Survey, 2005/6*

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The extent of income inequality is seen further when household income amongst the race groups is analysed (see below). Whereas the African population group accounts for 79,4% of the population and 76,8% of households, it only accounts for 41,2% of household income from work and social security grants. In contrast, the white population group accounting only for 9,2% of the population and 12,8% of households, received 45,3% of income – five times their proportion to the population. However, whites are not the only group with an income share disproportional to their proportion of the population. Indians/Asians are almost twice their population share, while black Africans' share of household income is approximately half their population share.

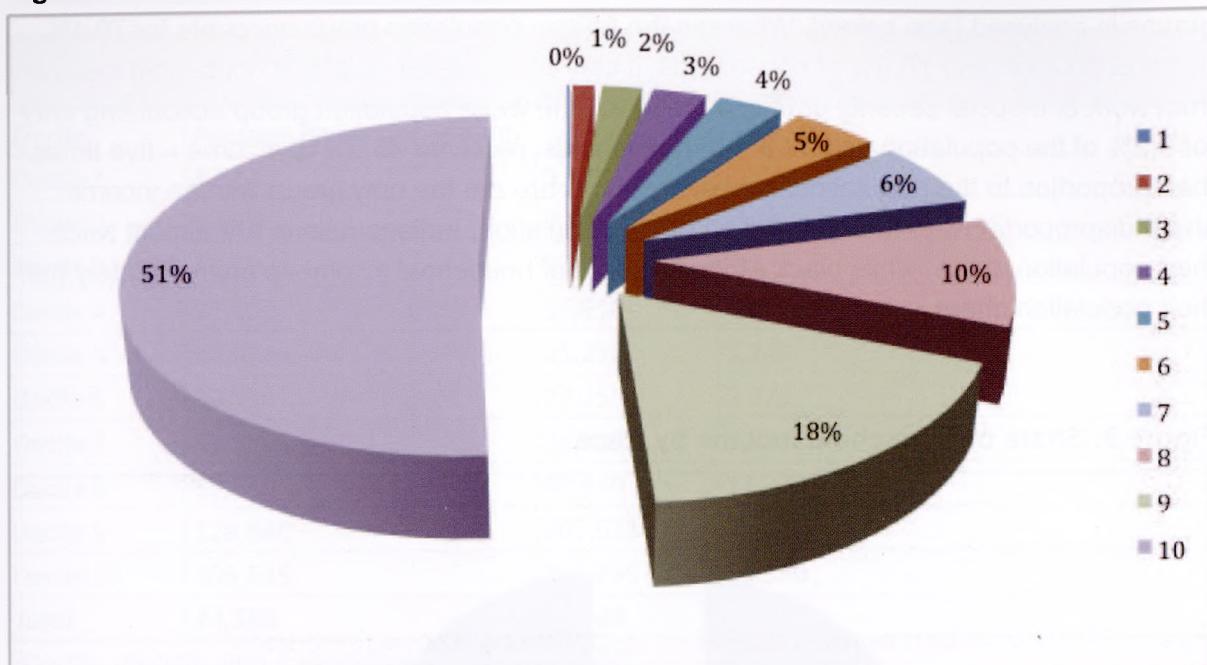
Figure 9: Share of Household Income by Race



Source: *Income and Expenditure Survey 2005/6*

The figure below illustrates the nature of income inequality between the income deciles and between the population groups. From this, it can be seen that the poorest 10% of the population share R1,1 billion. The richest 10% on the other hand share R381 billion, representing 51% of the total share of income whereas the poorest 10% have to contend with sharing less than a percent.

Figure 10: Share of Income by decile



Source: *Income and Expenditure Survey 2005/6*

It can also be seen from the table that income inequality in South Africa is largely based on race. In this regard, whites makes up almost three quarters (73%) of the top income decile whilst black Africans account for slightly more than a sixth (17%).

Table 2: Income share by race

Decile	Black African	Coloured	Indian/Asian	White	Total Rands in Billions
Percentage Share					
1	93.2	3.2	0.5	3	1.1
2	94.2	4	0.8	1	9
3	93	5.4	0.4	1.1	16.2
4	90.3	7.9	0.8	1	21.5
5	83.6	12	2.6	1.7	26.2
6	78.7	16	2.7	2.6	35.4
7	78.7	13.6	2.4	5	47.6
8	63.7	12.9	7	16.1	76.7
9	47.8	11.4	6.8	33.8	133
10	17	5.5	4.7	72.7	381
Total	41.2	8.6	4.8	45.3	747.6

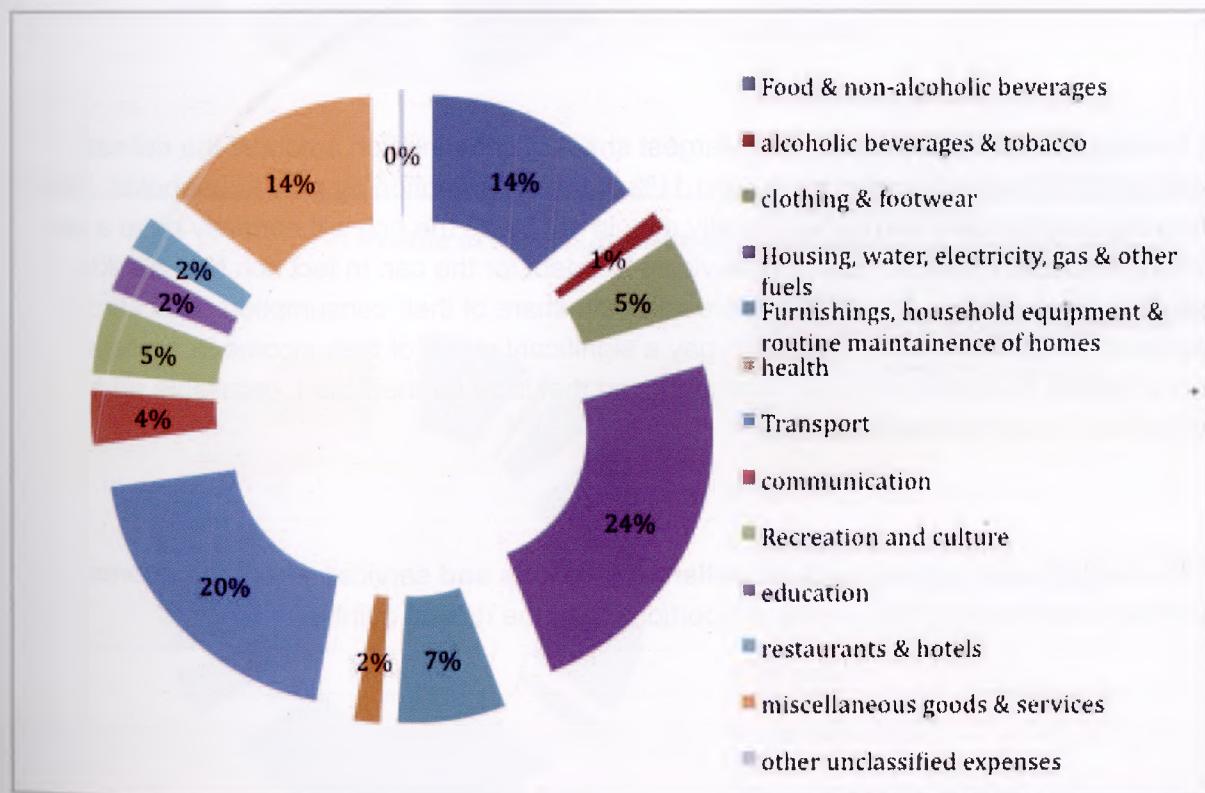
	Black African	Coloured	Indian/Asian	White	Total
	Percentage Share				
Population	79.4	8.8	2.5	9.2	47.4
Households	76.8	7.8	2.5	12.8	12.5

Source: *Income and Expenditure Survey 2005/6*

4.3 Consumption

In terms of consumption, housing, water, electricity, gas and other fuels accounted for almost a quarter (24%) of household expenditure. The other main expenditure groups were transport (20%); and food and non-alcoholic beverages (14%). In total, these three categories accounted for approximately 60% of total consumption.

Figure 11: Distribution of household consumption by expenditure group



Source: *Income and Expenditure Survey 2005/6*

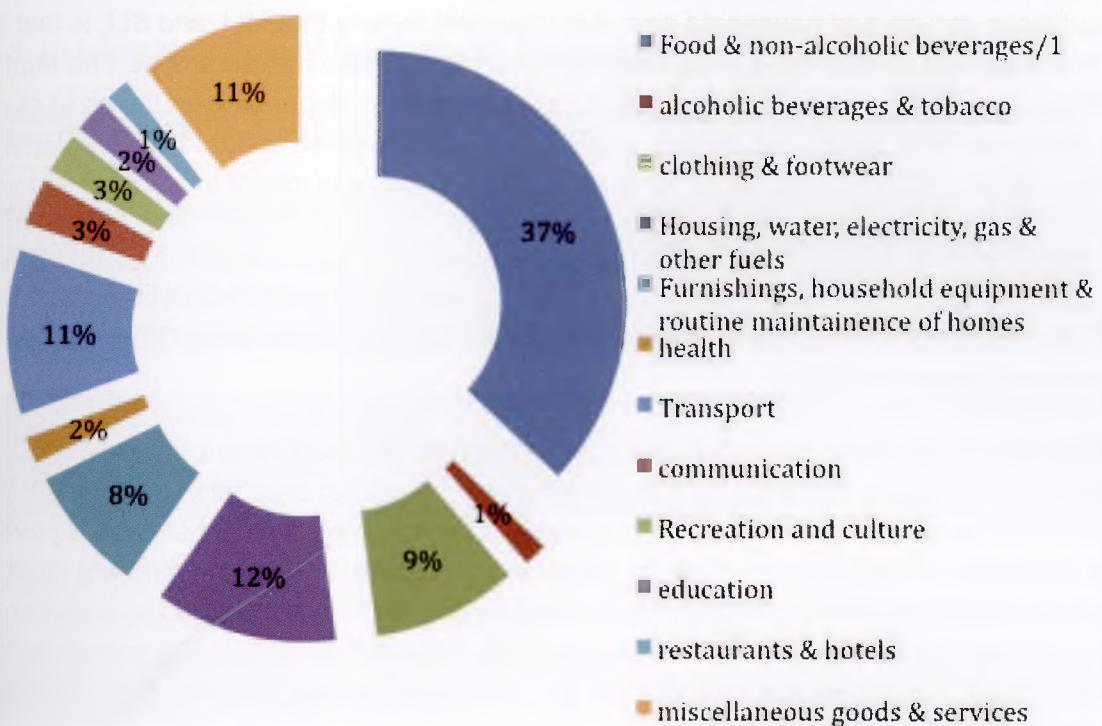


4.4 Consumption expenditure by income group

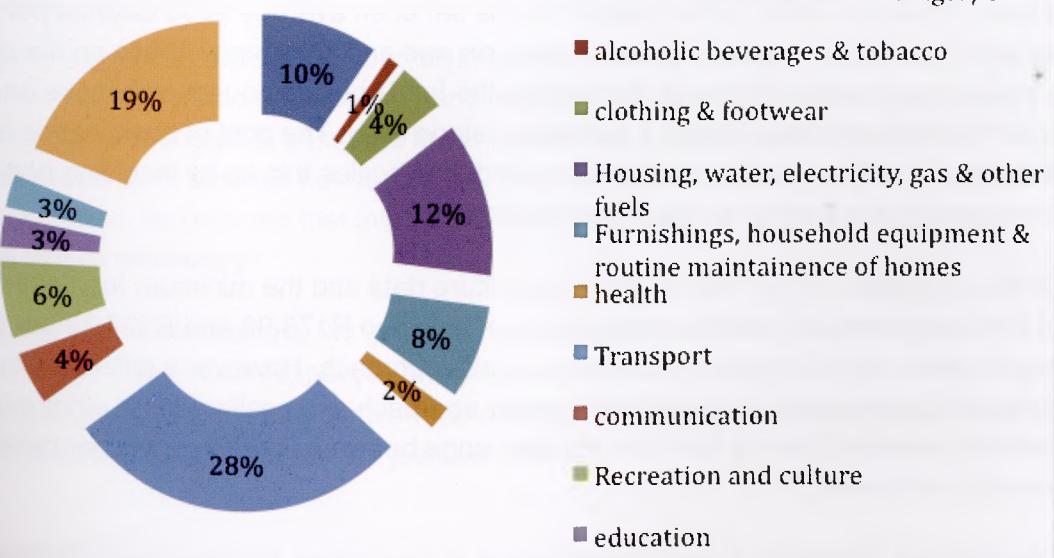
Comparing expenditure patterns by quintile income group, namely the richest quintile and the poorest quintile reveals that the main differences between the richest and poorest quintile households of the country are in the following categories of expenditure:

- **Food and non-alcoholic beverages** – which accounted for the largest share of consumption amongst the poorest quintile (37%) and only 10% of the consumption share amongst the richest quintile. That said, it is important to point out that the poor, whilst spending almost 40% of their consumption on food and non-alcoholic beverages, spent far less than the richest quintiles when measured in terms of total money value. In this instance, whilst the poorest quintile spent approximately R4 000 per household over the twelve months of IES 2005/2006, the richest quintile spent nearly four times as much (approximately R15 000).
- **Clothing and footwear** – the poorest quintile spent more than twice as much (9%) as the richest quintile (4%) in this category
- **Transport** – This accounted for the largest share of consumption amongst the richest quintile (28%) and accounted for around 11% of the consumption by poor households. Whilst this may seem initially surprising, it really should not be as the rich will normally have a car which they must maintain including servicing the debt for the car. In fact rich households will even have multiple cars further increasing the share of their consumption dedicated to transport. In contrast poor households pay a significant share of their income in monetary value relative to income on public transport cost that is by far inefficient, unreliable and hazardous to say the least.
- **Recreation and culture; and miscellaneous goods and services** where the poorest quintiles spent considerably lesser proportions than the richest quintile.

Figure 12: Profile of Expenditure of the poorest quarter and richest quarter



Profile of richest quintile expenditure



Source: *Income and Expenditure Survey 2005/6*



5. What is a Living Wage?

In 2004, the UNISA Bureau of Market Research stopped publishing living measures (MLL and SLL) used to determine living standards, allowing for wage benchmark various sectors, populations groups and household size. It is important to note that MLL and SLL is just form of measurement to determine living levels and may be a useful measurement. The Minimum Living Levels (MLL) determined the minimum money metric (depending on the size) of a household to meet basic food, health, clothing and other hygiene needs. The Supplemented Living Levels (SLL) included more items than the MLL and was meant to set modest low-level of household standards above a minimum level.

In establishing a reasonable measurement of living standards we construct using both the MLL and SLL at the levels set in 2004 and adjust in constant prices using CPI index as of March each year until 2011.

Before presenting some scenarios let's explore some of the more recent debates in developing a poverty line and why this will not always helpful in determining a Living Wage standard. It would be crucial to take into consideration the subjective debates on a poverty line with much of the recommendations determined arbitrary as shown in a recent study conducted by the DPRU. This study⁶ conducted for the Department Social Development by the Development Policy Research Unit (DPRU) discusses three types of money-metric poverty lines; namely an absolute, relative and subjective poverty line, with recommendations for consideration.

In summary, Oostehuizen advocates for an absolute poverty line that considers the *food energy intake approach* and the *cost of basic needs approach*. The first approach determines a level of calorie intake. In the case of SA it is set at an average 2230 calories per day per person. This may of course vary depending on age and pregnancy. While on the other hand, a cost of basic needs approach determines the food choices households make and not the specific food items required for a particular calorie level. The cost of basic needs approach observes household expenditure on food and then scales this up by including non-food consumption in a basket of goods and services.

DPRU estimates, using Income and Expenditure data and the minimum food nutrition intake of the Department of Health, a poverty line of between R173,93 and R227,22 per person per month when using the basic food energy intake approach. However a different poverty line is reached when using a cost of basic needs approach and scaling up for other expenditure (arbitrary amount); then a food poverty line range between R230 to R281 per person per month is estimated

Oostehuizen constructs a very interesting set of data tables by using the cost of basic

⁶ Oostehuizen, M (2008), Estimating Poverty Lines for South Africa. Research Commissioned by the Department of Social Development, South African Government, April 2008

needs approach and determines the low and upper bound for absolute poverty lines. We reconstruct this below:

Table 3: Establishing Cost of Basic Needs Approach

Consumption Aggregate Assumption	Total Expenditure		Total Consumption	
	Original	Adjusted	Original	Adjusted
Monthly cost per person per month@ 2230 calories (food)	R 235.14	R 280.84	R 231.68	R 276.25
% people not meeting the minimum calories per day (food)	24.9%	29.7%	31.4%	35.8%
Lower Bound Cost of Basic Needs Poverty Line per person per month	R 386.30	R 450.09	R 371.75	R 430.63
% poverty rate at lower bound	45.8%	50.1%	52.0%	55.4%
Upper Bound Cost of Basic Needs Poverty Line per person per month	R 1,552.29	R 1,568.78	R 1,086.54	R 1,132.96
%poverty rate at upper bound	82.7%	82.3%	80.7%	80.6%

Source: Oostehuizen, M (2008), *Estimating Poverty Lines for South Africa. Research Commissioned by the Department of Social Development, South African Government, April 2008*

He continues to argue that using the upper bound poverty line is not very helpful since four (4) out of five (5) people would be in poverty and would make poverty interventions almost impossible. Instead, he suggests using the lower bound with a range of **45% to 55% of people considered poor** and will not adequately meet food and non-food requirements. In arguing this approach he believes that this would help policy makers in providing targeted interventions where necessary.

In using Oostehuizen's estimations, we construct below a data table by considering an average household size of four (4) people and then estimate the poverty line per household required to meet on the one hand a certain food energy intake level and on the other hand a cost of basic needs approach (more than just food needs).



Table 4: Basic Food

Consumption Aggregate Assumption (using average household size of 4)	Total Expenditure		Total Consumption	
	Original	Adjusted	Original	Adjusted
Monthly cost per person per month@ 2230 calories (food)	R 940.56	R 1,123.36	R 926.72	R 1,105.00
% people not meeting the minimum calories (food) per day	24.9%	29.7%	31.4%	35.8%
Lower Bound Cost of Basic Needs Poverty Line per person per month	R 1,545.20	R 1,800.36	R 1,487.00	R 1,722.52
% poverty rate at lower bound	45.8%	50.1%	52.0%	55.4%
Upper Bound Cost of Basic Needs Poverty Line per person per month	R 6,209.16	R 6,275.12	R 4,346.16	R 4,531.84
%poverty rate at upper bound	82.7%	82.3%	80.7%	80.6%

Source: Own Calculations

Again, the decision to consider which poverty line to use is an arbitrary matter depending on the interpretation of what one considers to be poor. By using the food poverty line, you are simply determining the minimum food intake requirements, while the lower and upper bound poverty line considers food and non-food items. It is argued that minimum or lower poverty lines may help in deciding a particular policy intervention. For example, this may help in understanding what social security support may be required to ensure everyone meets the caloric intake per day but may not very helpful in establishing a Living Wage level.

In consider our price adjusted MLL and SLL data and then compare this to the Oostehuizen analysis above. As discussed previously, MLL provide the basic minimum levels that should be obtained per household. By using ses the MLL on an average household size of 4 people for African, Coloured and Indian households. Inflation adjusted **Minimum Living Levels** for an average black household of 4 people amounts to **R2,428.69 per month** as at March 2010.

By using Supplemented Living Levels (SLL) there is a significant difference to MLL monthly calculations. Inflation adjusted **Supplemented Living Levels (SLL)** for an average black household of 4 people amounts to **R3,200 per month** in March 2010

Lastly, a comparison is conducted between the MLL and SLL between the periods March 2005 and March 2010 to illustrate the variation in minimum/supplementary living standards.

Figure 13: Comparison between MLL and SLL



While living levels variation exists the variations are significantly larger when we compare this to the Oostehuizen tables above of adjusted expenditure and consumption of the lower and upper bounds poverty levels. Both MLL and SLL fall between the lower bound and upper bound but much closer to latter levels.



6. Wage Trends: Analysis of Bargaining Council, Sectoral Determinations and Wage Agreements

In considering wage trends in a post-apartheid South Africa, Burger and Yu (2007)⁷ find that by using the 1995 October Household Surveys (OHS) and the September 2005 Labour Force Survey (LFS) between 1995 and 2005, suggest that workers on **average** experienced a substantial decrease in real wage earnings (using 2000 prices). The **average** real monthly wage of workers declined by 23% from R3558 to R2744 per month or 2.6% per annum, by using the two data sets.

Some care should be given on the data sets used, however this provides a significant argument why real wages have been declining relative to GDP share and increasing productivity gains during our mid 2000's growth spurt. Secondly, these are average wage incomes and while this is useful it may distort the relative low income base most COSATU members would receive, for example.

By using the Oostehuizen analysis and our price adjusted MLL and SLL, here is significant difference between what is required for a level of substance to meet both food and non-food items.

Below we examine current wage levels at Bargaining Councils, wage levels set through Sectoral Determinations by the Employment Conditions Commission (ECC) and union wage settlement levels using union wage agreements.

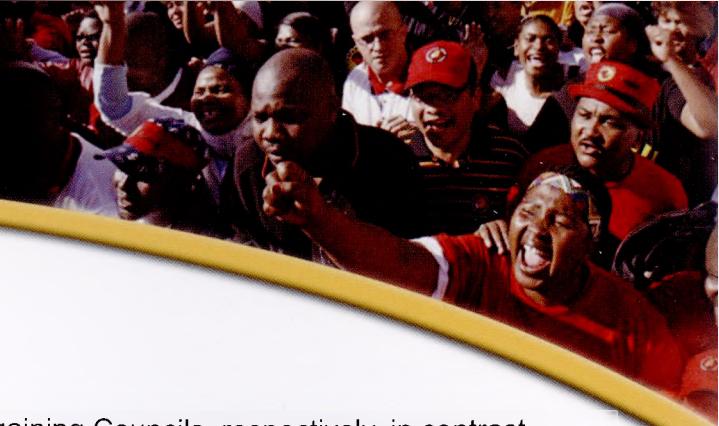
6.1 Bargaining Councils

Our Bargaining Council system (including Public Service) covers approximately 2.5 million workers⁸. This is relatively low coverage given the size of our formal sector employment of 9 million workers. Put differently our bargaining council system represents only 27% of formal sector employees. Low coverage is as a result of a multitude of factors and has significantly impacted on the success on our demand for Centralised Bargaining and ultimately our Living Wage campaign.

Below we provide a breakdown of all Bargaining Council (excluding Public Sector Wage Rates) wage rates for unskilled, semi-skilled and skilled workers. On average the wage level of unskilled workers amounts to R1,909.80, with the lowest minimum found in the Hairdressing Bargaining Council (Pta). Wage rates of unskilled workers significantly vary across Bargaining Councils with wage levels as high as R4,980, R3,529 and R3,278 in the

⁷ Burger, R and Yu, D, (2007), Wage Trends in Post-Apartheid South Africa: Constructing An Earnings From Household Survey Data, DPRU, DPRU Working Paper 07/117

⁸ LEP and NALEDI (2010) Support for Bargaining Councils and Centralised Bargaining, A research report commissioned by the CMMA, pg31



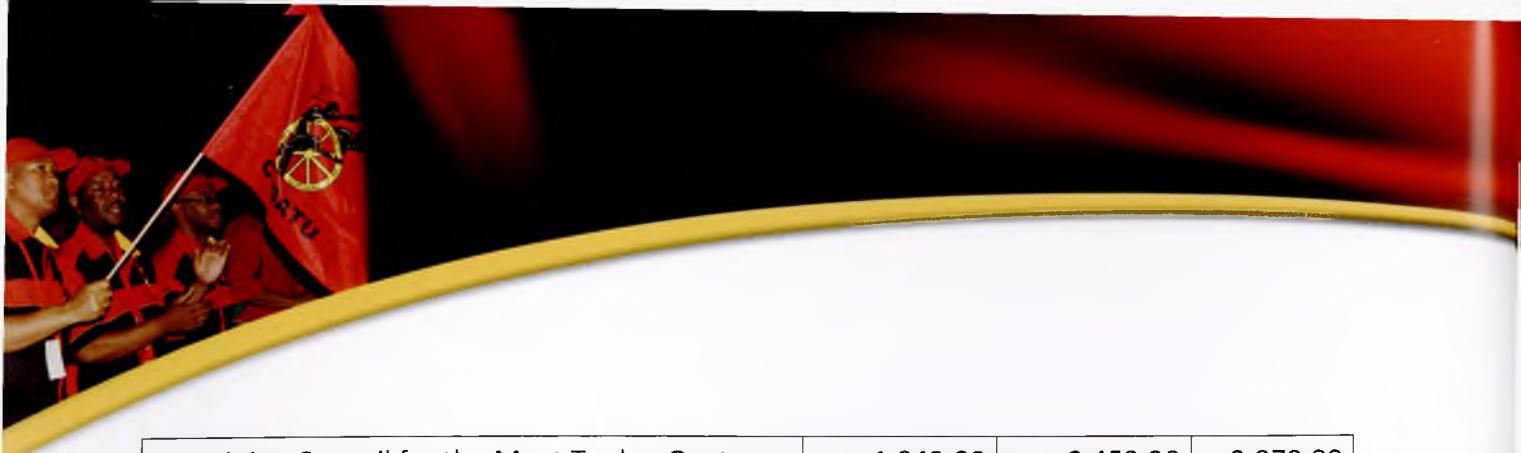
Electrical, Metals and Engineering and Textile Bargaining Councils, respectively, in contrast to very low minimum wages in the Hairdressing, Motor and Contract Cleaning Councils. Wage levels within many bargaining councils continue to reflect the apartheid wage gap with significant differentiation between skilled/semi-skilled and skilled workers. Notably, this exists in a few of the Building Bargaining Councils and the Motor Bargaining Council.

Considering our inflation adjusted MLL and SSL, the average unskilled wage rate is significantly below the living levels but even more sizeable when simply applying the inflation adjusted SSL at March 2010. Very few Bargaining Council unskilled wage rates meet this living level. These include only two councils, namely the MEIBC and NBCEI.

When Considering the DPRU poverty line study, using the lower bound there are larger number of Bargaining Council unskilled wage rates that meet the modest poverty line.

Table 5: Current Monthly Wage income of Unskilled, Semi-skilled and Skilled workers in BC (excluding PSCBC)

Bargaining Council	Unskilled	Semi-Skilled	Skilled
Metal and Engineering Bargaining Council (National)	3,529.60	3,945.60	6,774.40
National Textile Bargaining Council	3,278.08	3,928.85	4,799.96
Bargaining Council for Laundry, Cleaning and Dyeing Industry (Natal)	2,831.13	3,021.65	3,174.06
National Bargaining Council for the Road Freight Industry	2997.96	3007.62	
Bargaining Council for the Furniture Manufacturing Industry of the Western Cape	2,747.29	3,014.13	3,831.36
Bargaining Council for the Goods Canvas Industry (Wits and Pta)	2,571.96	3,083.82	3,335.35
National Bargaining Council for the Electrical Industry of SA	4,980.19	5,336.46	8,526.40
Building Industry Bargaining Council Cape of Good Hope	2,486.92	2,873.68	5,633.04
Bargaining Council for the Building Industry – Bloemfontein	2242.94		4,558.62
Bargaining Council for the Fishing Industry (National)	1,998.19	2,408.64	2,948.38
National Bargaining Council for the Clothing Manufacturing Industry	1,986.78	3,061.60	4,271.61



Bargaining Council for the Meat Trade - Gauteng	1,843.80	2,453.20	2,879.80
Bargaining Council for the Hairdressing Trade - Cape Peninsula	1987.47	2519	2847
Hairdressing and Cosmetology Bargaining Council - Kwazulu Natal	1,730	1,997	2,848
Furniture Bargaining Council	1,705.65	2,441.75	2,880.51
Bargaining Council for the Laundry and Dyeing Industry (Western Cape)	1,686.44	1,992.57	4,284.75
Bargaining Council for the Food, Retail, Restaurant, Catering and Allied Trades	1,561.72	1,862.23	2,017.25
Hairdressing and Cosmetology Services Bargaining Council (Semi-National)	1,524.60	1,957.60	3,320.60
Bargaining Council for the Furniture Industry of the South Western District	1,787.67	2,328.15	3,313.14
Bargaining Council for the Furniture Manufacturing Industry of the Eastern Cape	1,579.58	1,846.31	2,166.73
Bargaining Council for the Furniture Manufacturing Industry of Kwazulu-Natal	1737.41	2743.27	2947.52
Building Bargaining Council - North and West Boland	1,722.48	4,012.94	4,918.01
Motor Industry Bargaining Council	1,360.05	2,534.30	4,666.65
Bargaining Council Restaurant, Catering and Allied Trades (Johannesburg)	1,650.37	1,921.22	3,651.48
Bargaining Council for the Contract Cleaning Services Kwazulu-Natal	1,498.39	1,587.05	1,610.43
Bargaining Council for the Hairdressing and Cosmetology Trade, Pretoria	1,297.00	2,161.00	4,013.00

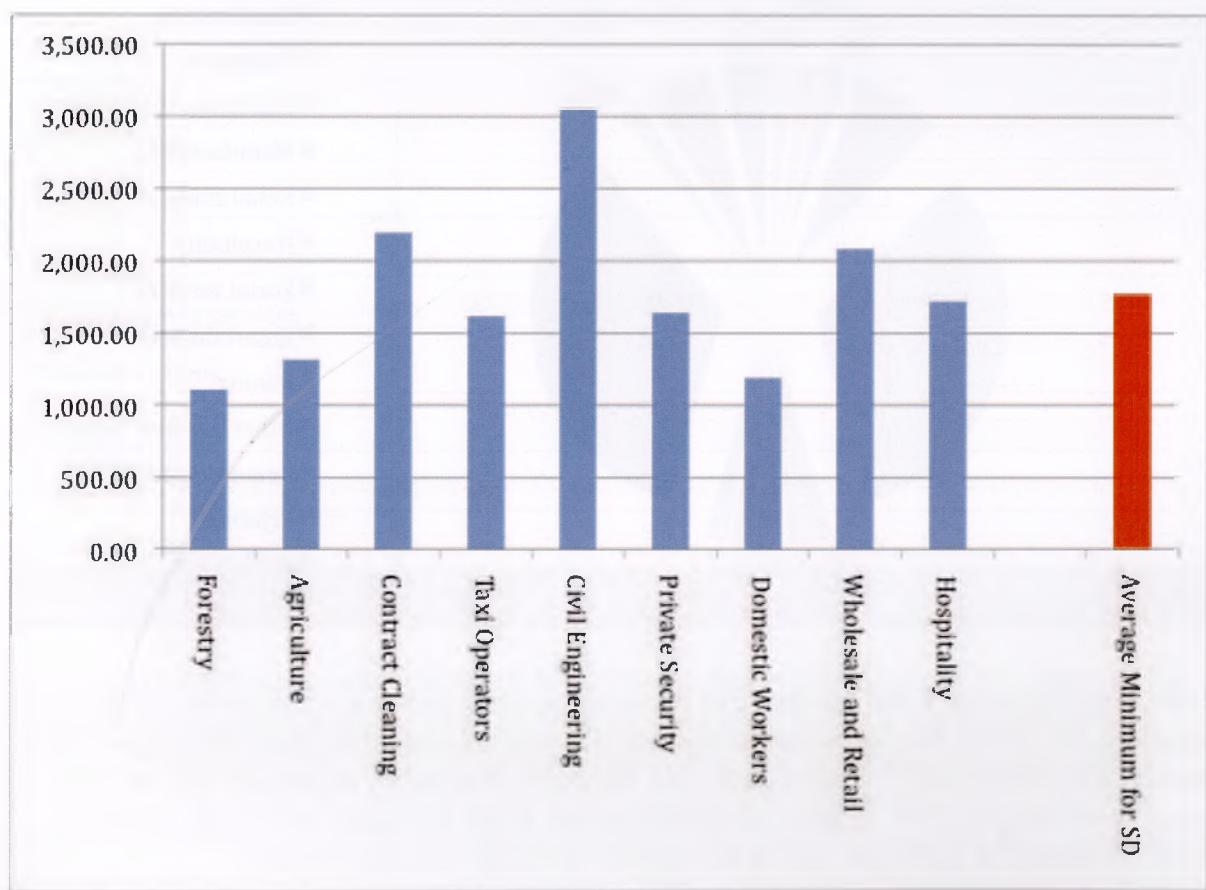
6.2 Sectoral Determinations

There are currently eleven (11) Sectoral Determinations, governing vulnerable workers across a number of sectors. Here we examine nine (9) of the Determinations and exclude Learnership and Children in Performing Arts from our analysis. The lowest minimum wage is for Domestic Workers and is set at R1, 190 per month amongst the nine Sectoral Determinations, in contrast to Civil Engineering minimum set just above R3000 per month

The mean minimum wage for Sectoral Determinations is set at just more than R1700 per month. Again a word of caution about averages, even though it provides a good sense of comparative wage levels between different bargaining arrangements.

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. In addition, when compared to minimum living standards using MLL and SLL, by far most (7) Sectoral Determinations do not meet those minimum or supplementary living standards.

Figure 14: Minimum Wage levels at Sectoral Determinations

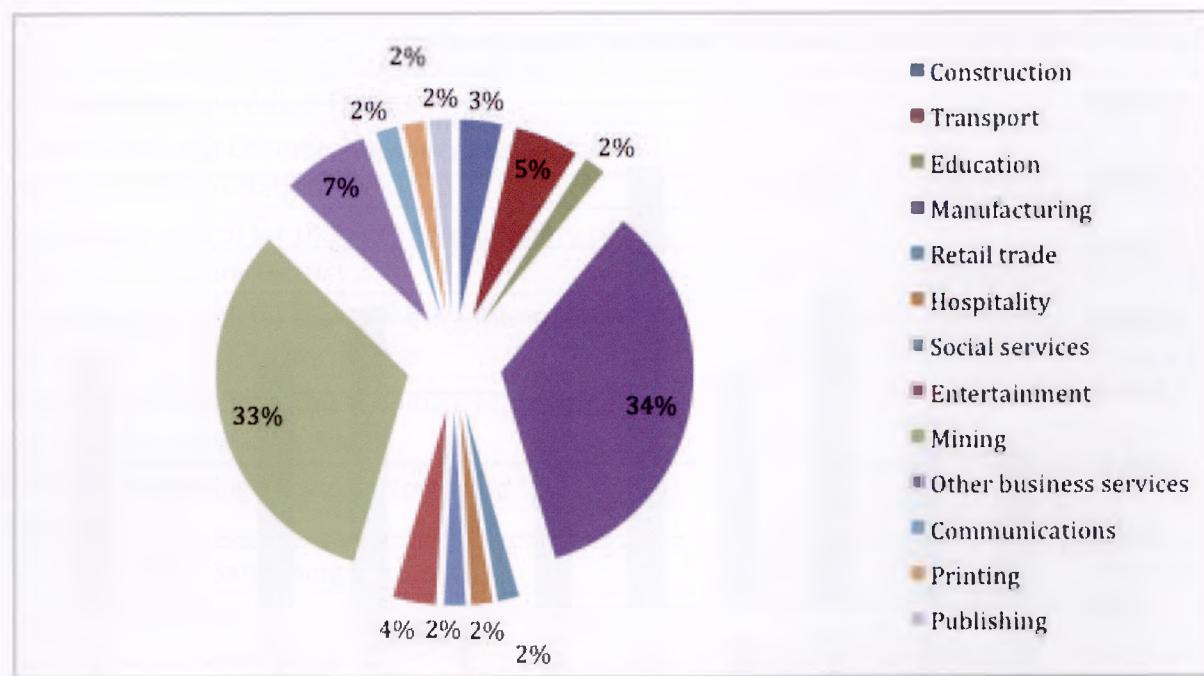


Source: Department of Labour

6.3 Wage Settlement in 2010

The continued recessionary pressures did not dampen union demands for a real wage increases. The table below summarises the wage increment agreements reported in 2010 by the Bargain Monitor of June 2010. A total number of 56 agreements were reported.

Figure 15: Sectoral disaggregation of wage agreement



From the table below, it can be seen that the average wage increase settlements in 2010 thus far was 8.6%. Whilst this figure seems significant especially since it is significantly higher than the CPI set in March 2010; unions have over the years consistently settled at rates not very much more than the CPI⁹. Taking our limited sample, wage increases on average settled at 3.5% above March 2010 CPI, one of the highest real wage increases recently.

The largest average wage settlement agreement was reported in the construction sector where employers and employees settled on an increase of 11%. The lowest was in the communications sector where an agreement of 7.5% was reached. However, this may be low because only one agreement was reported in the communications sector meaning that the only reported agreement was hence the average agreement of the sector. This may be misleading as adding other agreements that have not been reported may result in a lower or indeed higher average increase.

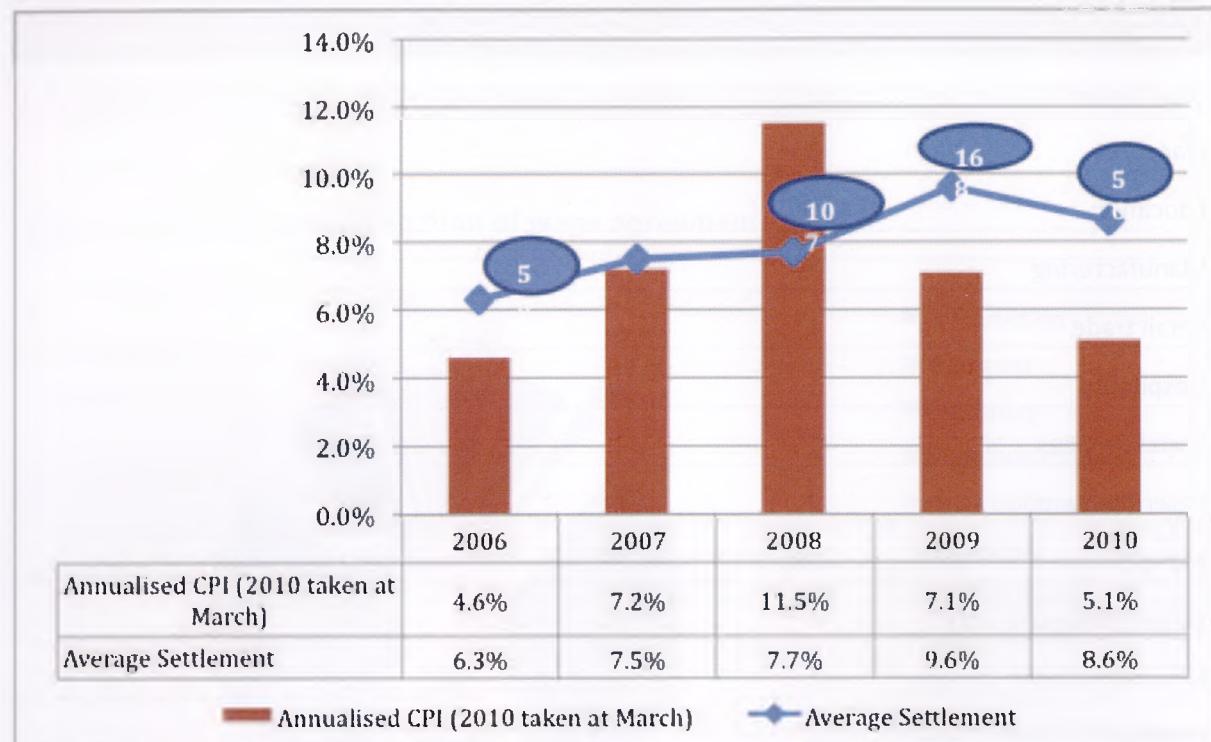
⁹ For example in 2007 the average that unions settled at was 7.5% whilst inflation was at 7.1% which meant that in real terms workers only settled for 0.4%

Table 6: Average 2010 wage increases by COSATU affiliates

Sector	No of agreements reported	Average wage increase
Construction	2	11.0
Transport	3	10.2
Education	1	9.5
Manufacturing	19	9.2
Retail trade	1	9.2
Hospitality	1	8.8
Social services	1	8.4
Entertainment	2	8.3
Mining	18	8.2
Other business services	4	7.9
Communications	1	7.5
Printing	1	7.0
Publishing	1	7.0
PSCBC	1	7.6
Average		8.6%

Below we provide wage settlements VS annualised inflation (except for 2010: March 2010) trends of wage agreements provided by Affiliates from 2006 to 2010. Settlements trends confirm, in most part, that COSATU affiliates have been able to settle well above inflation (CPI), except for 2008. In 2008 annualised CPI jumped to 11.5%, largely due to oil price hikes and consequently rising food prices. In addition the global crisis and subsequent mass job losses placed pressure on unions as many battled retrenchments while at the same time trying to improve workers wages and working conditions. Settlements in 2008, base on our sample of 107 wage agreements, shows we settled at 7.7%, well below annualised inflation

Figure 16: Wage Settlement Trends and CPI (2006 – 2010)



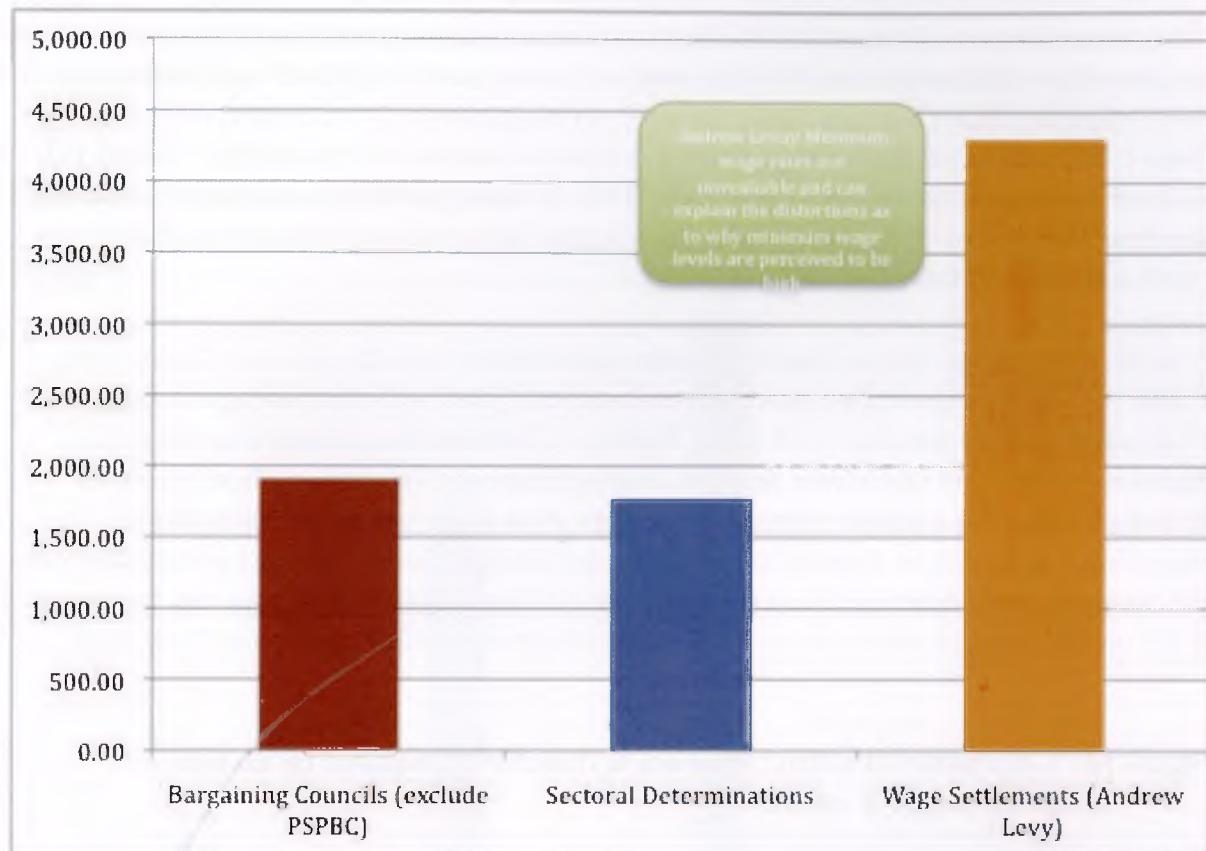
6.4 Minimum Wage Comparisons

Minimum wages at Bargaining Council, Sectoral Determinations and Wage Agreements (Andrew Levy) provides considerable differentiation between wage setting institutions. The widening minimum wage gap is an area of concern; as unions with higher union density are able to achieve better minimum wage agreements than those who are at the mercy of tripartite wage institutions, such as the ECC, where generally it's very difficult to decide on

In comparing minimum wages between the three levels, it is not surprising that Sectoral Determinations continue to come out as having the lowest average minimum wage, amongst domestic and farm workers. According to Andrew Levy wage analysis based on wage reports, suggest a minimum wage of R4,200 per month. This could skewer real minimums since it may include middle and low level managers.

Using our MLL and SLL living levels, the overall average minimum below, is slightly less than our 2010 MLL levels but is well below our 2010 SLL standards.

Figure 17: Average Minimum Wages (2010)



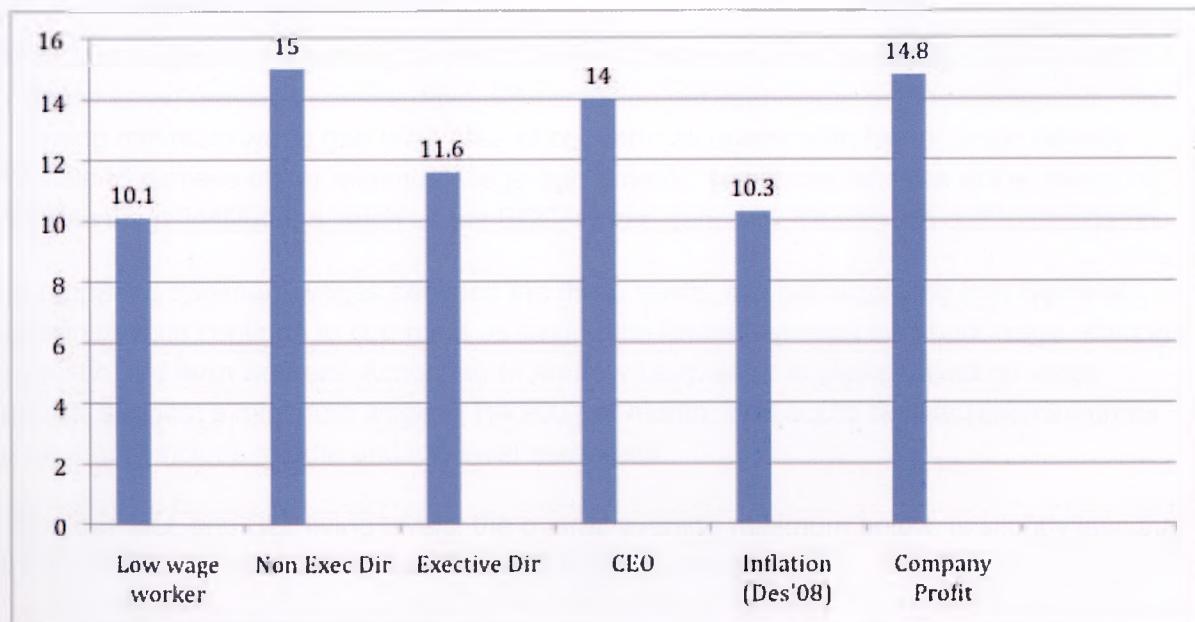


6.5 Minimum Wages and Directors' Fees Comparisons

The Labour Research Service (2009: 32) has continually argued that "executive pay provides unions with an alternative benchmark for wages"; and accordingly provide an updated and comprehensive 2009 Directors' Fees Survey¹⁰. In the survey of 71 JSE listed companies, Taal's (2009: 45) found the average executive director salaries, across sectors, rose to 11.6%; chief executive officers (ceo) increase by 14% on average and non-executive directors saw their fees rise by 15%. Meanwhile, the average low wage workers were recipients of a 10.1% increase in 2008 (Taal, 2009: 45).

In rands, the average annual salaries an executive director was R2, 641, 00; CEO was R 4, 389, 000 and non-executive directors received R522, 000 while the average income for a low-wage workers was R31, 704 (Taal, 2009: 45). Besides the astronomical wage gap between workers and executives workers received also received less in wage increases as well as below the average inflation for the year; thus there can be no celebration of assertions that executive director remuneration (including salaries, various benefits payments and bonuses) were down by 1% in the same period (Taal, 2009). CEOs saw real increases of 3% on their remuneration and non-executive directors remained the same (Taal, 2009).

Figure 18: % increases in salary: Workers & Directors compared by company performance & inflation



Source: Taal, 2009: 47

¹⁰ Bargaining Indicators 2009, Labour Research Service, Vol 13, Sep 2009. Still the most comprehensive look at Directors Fees since 2009.a

Taal (2009) analyses the impact of the increases on the wage gap and shows that the gap has not in any closed the gap in real earnings between directors and workers and illustrates the number of years a low-wage worker would have to work to earn the what is earned by non-executive directors (16.5 years), executive directors (203 years) and CEOs (303 years).

Figure 19: Wage Gap in 2008 in Years



Source: Taal, 2009: 47

The following table provides a closer look at directors' fees by sector. In the table it is notable that Taal (2009) puts the average low-workers salary for all sectors as R31, 704; for detailed sectoral determinations minimum wage refer to section above in this chapter. Also due to differences in descriptions of sectors when looking at sectoral minimum wages- e.g. Elsley (2009: 26) or government; it becomes tricky to match the data provided by Taal (2009: 52-84) with other published sector minimum wages. The table provides the average executive remuneration (including salary, bonuses and benefits) for the sectors as labelled by Taal (2009) as at 2008.



Table 7: Low-Wages Compare with Executive Remuneration 2007-2008

Sector	Average low-wage worker (R)	Non-executive (R' 000)	Executive director (R' 000)	CEO (R' 000)
Banking	31,704	932	279,892	18,055
Construction	31,704	268	113,906	7,510
Electronics	31,704	168	65,326	8,981
Financial	31,704	440	54,159	9,596
Food & Beverages	31,704	352	142,263	11,578
Health	31,704	229	64,886	5,056
Industrial & Chemicals	31,704	418	100,338	7,308
Info & Telecoms	31,704	484	101,062	17,842
Mining	31,704	790	265,517	15,020
Paper & Packaging	31,704	1,132	97,260	10,704
Retail	31,704	283	123,537	9,134
Transport	31,704	312	163,699	5,471

Source: Taal, 2009: 89-95

The on-going financial crisis has forced many companies to apply; or at least be seen to apply; other forms of austerity measures on top of the favoured retrenchment of workers as a response to financial uncertainty. For instance, in May 2009, a Business Day predicted that “executives could expect increases of about 8.6% in 2009/2010. Particularly in the banks and financial sector companies there is a current show of a pay freezes and bonus cutting in the face of falling earnings” (Taal, 2009: 85).

However, as Taal (2009: 85) aptly warns, these apparent austerity measures can be as misleading because they are often off the back of extremely high bonuses in previous years¹¹. Thus, she continues to argue that we should not let these cuts to convince workers to take similar percentage cuts in pay as the actual amounts are so vastly different and executives are consistently compensated in other ways. “Moreover, cuts in executive fees hardly affect their ability to feed and house their families., the remuneration earned by few is completely at odds with South Africa’s poverty reduction and developmental challenges “ (Taal, 2009: 85).

¹¹ For example, Johan van Zyl, the CEO of Sanlam had his bonus cut by 18% for 2008 due to a fall in profit. However, this 18% cut still leaves him with a bonus of R7.5 million for the year.



7. Social Wage Policies

Having considered the analysis on living standards and wage data above, increasing overall standards of living can only be achieved through a combination of wage and social wage interventions. Social wage interventions are crucial in improving living standards, particularly where minimum wage levels are invariably low. While wage income remains an important intervention to raise living standards, South Africa has a considerable number of underemployed or working poor. Where a decent work deficit exists, it will require considerable government intervention in the areas of basic service delivery to support an improve standard of living.

Simply put increasing wage income will not be sufficient in the short-run, in expanding overall consumption as well as developing an asset base for many working class households. An inclusive growth path must set basic minimum/sustainable living standards through an array of key social wage interventions such as on health, education, food needs and other basic services that can enhance economic participation of workers and poor households

Our social wage demands for Living Wage focuses on five core policy interventions that support;

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



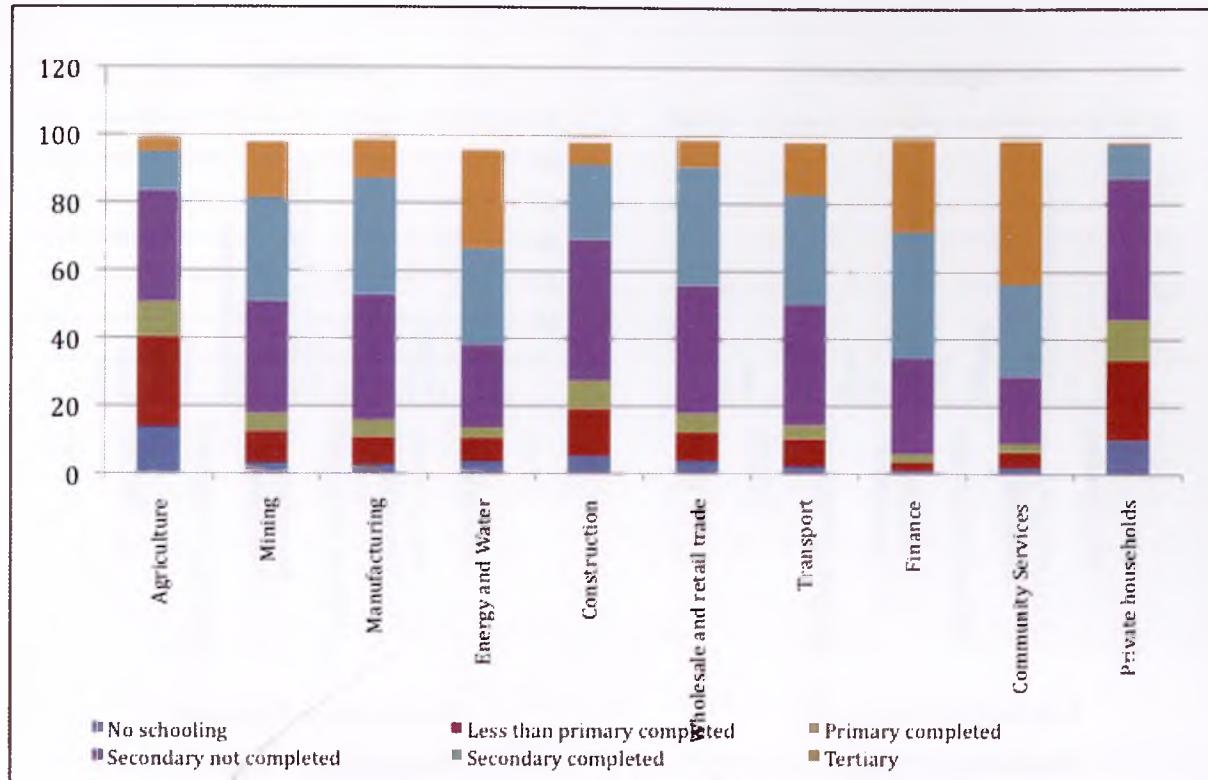
7.1 Education, skills and human resource development

Access to education and their outcomes continue to reflect apartheid legacies. Many black untrained South African workers were rendered commercially obsolete when the economy opened up and means of production became more capital intensive at the end of apartheid. Post-apartheid; a dearth in adequate educational outcomes at secondary schooling at township schools continues to impact on access to tertiary education and to employment opportunities generally for many black young school leavers. Thus, even children who escaped the direct experience of apartheid, they are caught in a vicious circle where -through their parents- they are low-paid labourers unable to afford the training or education necessary to raise their status in productions at the rate required by 21st century technology (Hudson, 2004).

Where school leavers find employment, it becomes very difficult to shake off the apartheid educational system that continues to define employment opportunities for many workers that have become low paid workers through declining real wages and/or increasingly precarious forms of employment. As illustrated below, workers in various industries continue to lack important educational outcomes to improve employment opportunities.

This does not bode well for socio-economic development as the ability to sustain the economic upswing of the late 1990s to 2007 is dependent on increasing the efficacy of the skills development regime, amongst other important factors (Daniels, 2007). In 2011, around the time of the World Economic Forum on Africa held in Cape Town, 900 000 was the number bandied around in terms of total skills shortage of accountancy, engineering, finance, information technology and law. These are skilled workers required to plan and lead the development process which has bee given a high priority status for the coming decades .

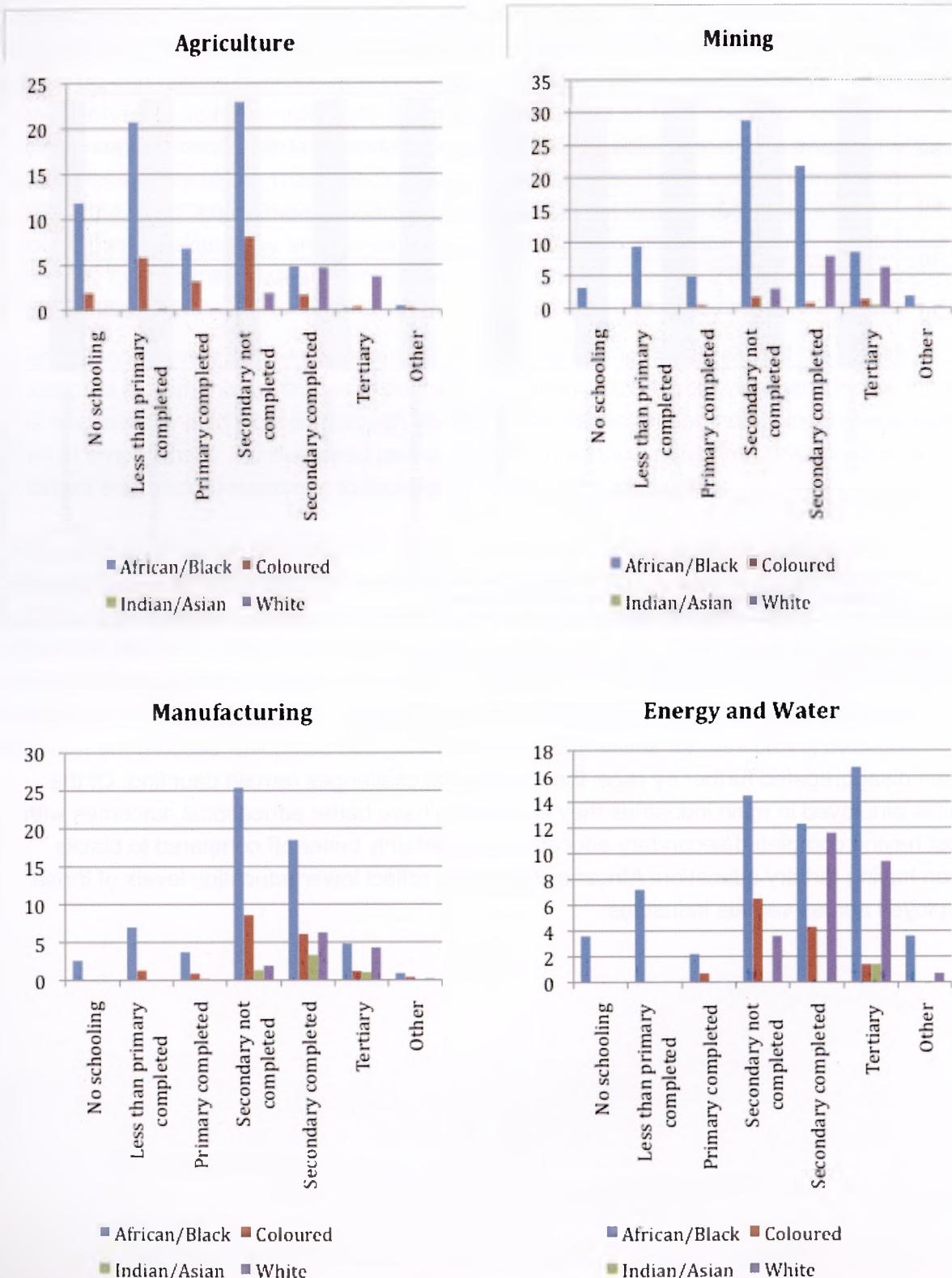
Figure 20: Educational Outcomes by Sector



Source: *Quarterly Labour Force Survey, Quarter 3 2010*

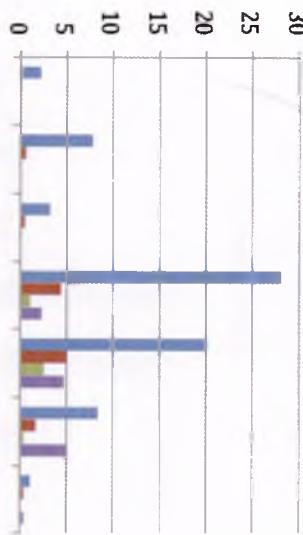
When disaggregated further by race, the educational challenges remain daunting. Of the whites employed in main industries they continue to have better educational outcomes with most having completed secondary education and certainly better off compared to blacks when having tertiary education. Africans continue to reflect lower education levels of those employed across various industries.

Figure 21: Education Outcomes by Industry and Race

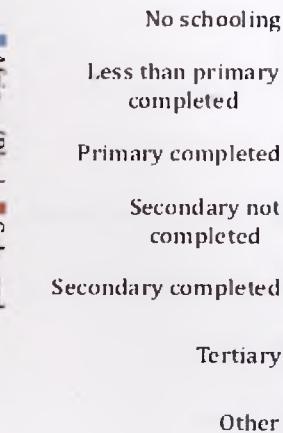
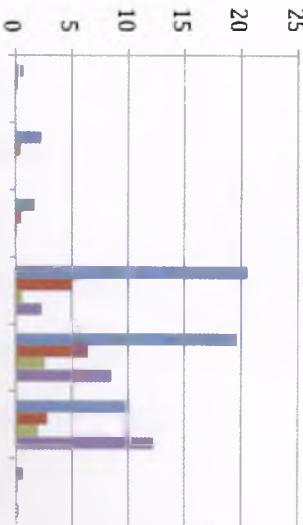




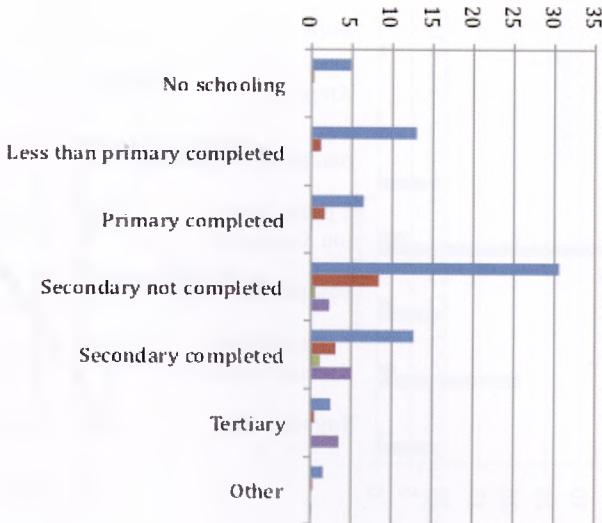
Transport and Communications



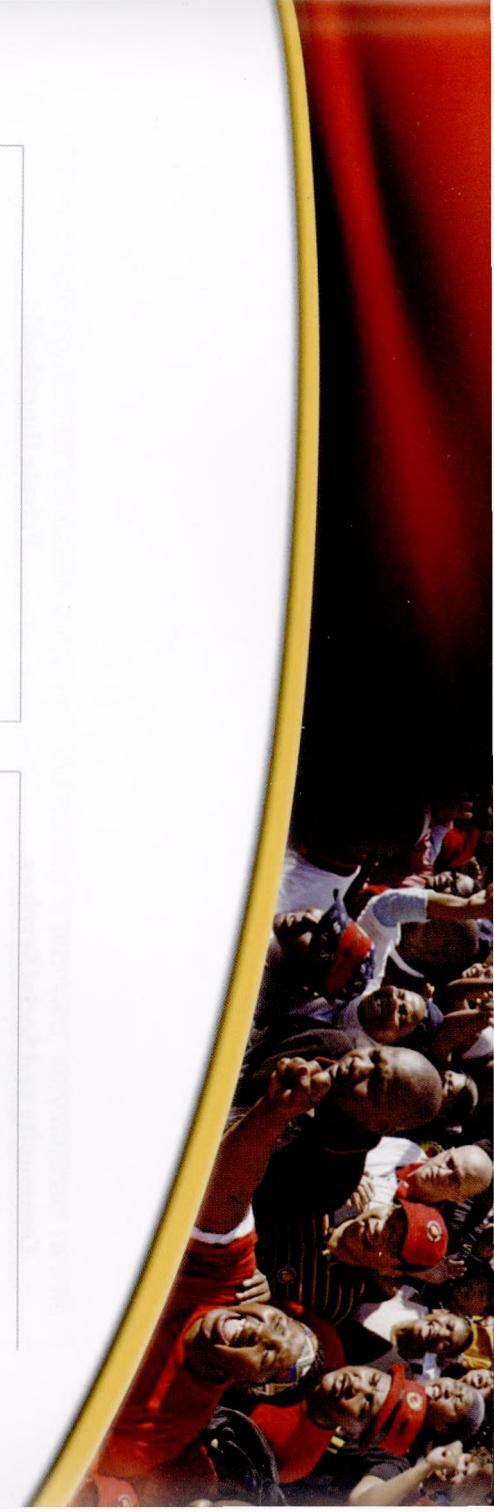
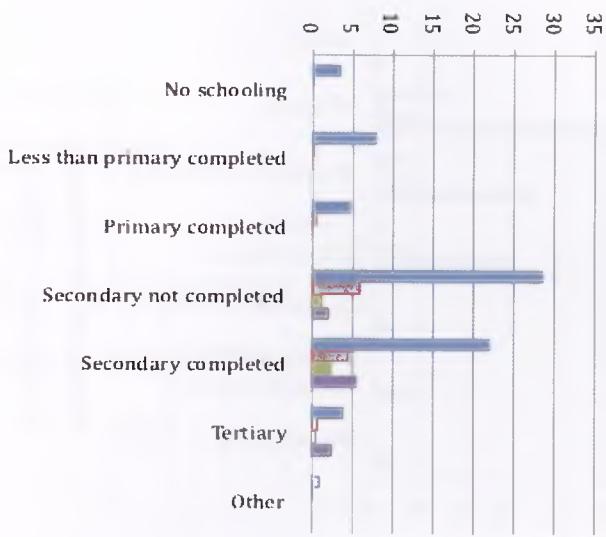
Financial Services



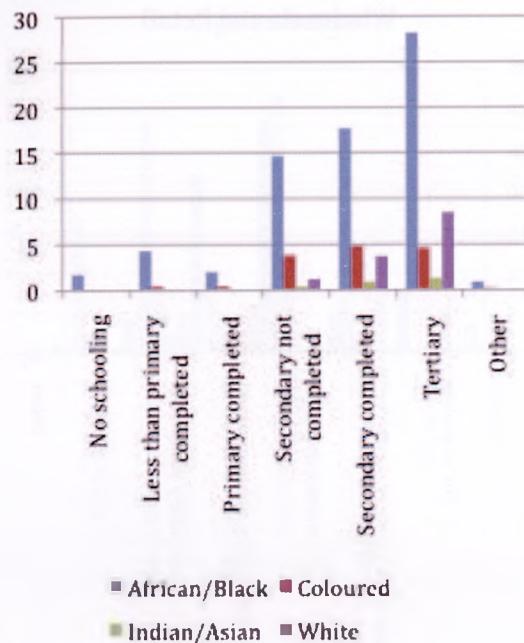
Construction



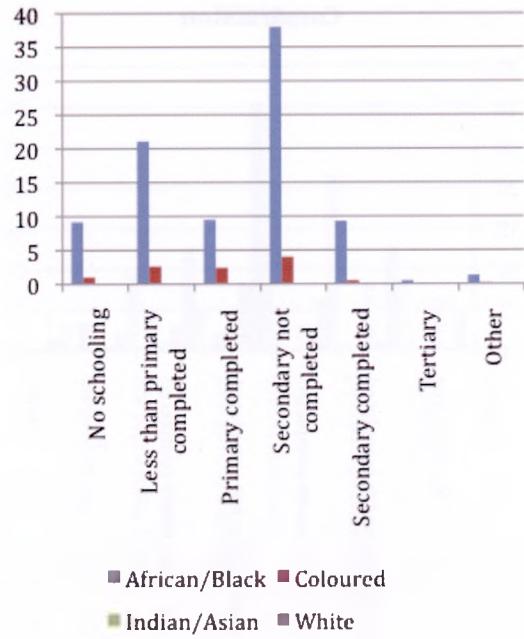
Wholesale and Retail



Community and Social Services



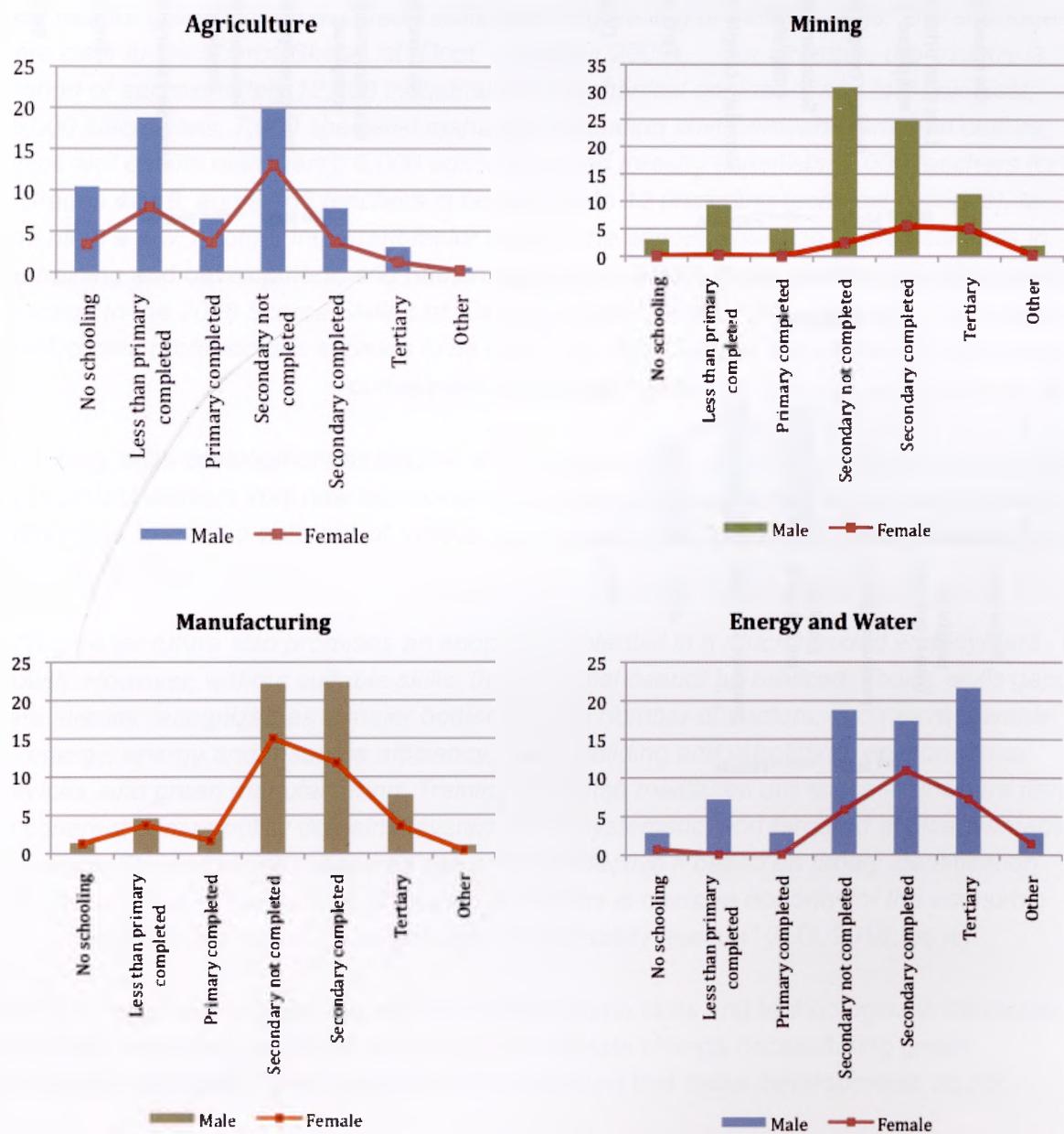
Private Households





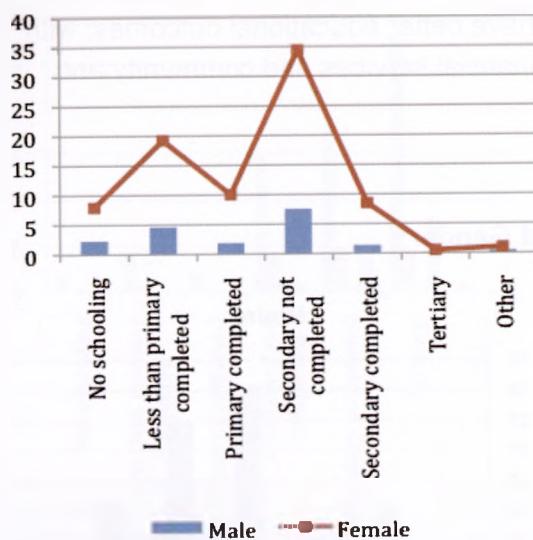
When disaggregation for education outcomes and gender is provided, very different results are indicated. Educational outcomes for women in agriculture provide similar educational trends to men. However, in mining women tend to have better educational outcomes; with similar trends in manufacturing, energy, transport financial services and community and social services.

Figure 22: Educational Outcomes by Sector and Gender¹²

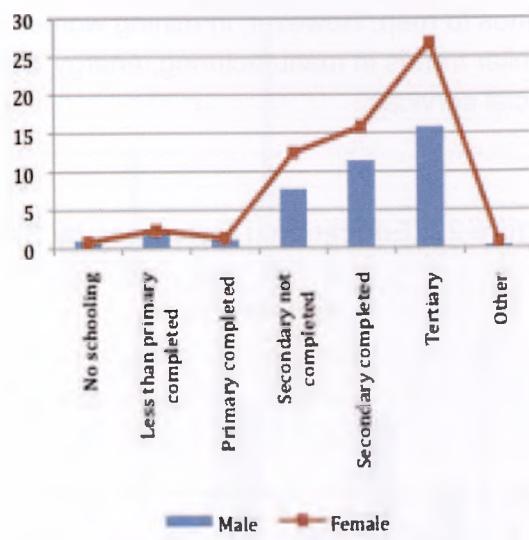


¹² Statssa, Quarterly Labour Force Survey, 3rd Quarter 2010

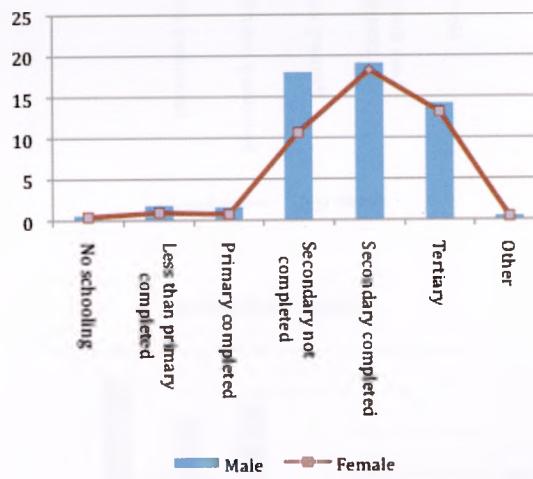
Private Households



Community and Personal Services



Finance





7.1.1 Skills Shortage and Skills Development Plans

Skills Shortage

Broadly speaking, South Africa has a skills shortage problem that has been described as both absolute and relative; cutting across all sectors and industries- a well documented shortage¹³. This shortage gets more critical when skills for green jobs are brought into the equation. According to a recent ILO (2010, pg xiv) report:

“South Africa currently faces an enormous lack of skills in many sectors, which may not bode well for green skills, new green skills and for greening of existing skills. The shortages are clear in the Scarce Skills List (Dept. of Labour 2008).... For example, the country is short of approximately 12,600 industrial and mechanical engineers and technologists; 5,000 electricians; 7,000 specialist managers (including environmental, arts and culture, office and quality managers); 6,000 agricultural and forestry scientists; 7,000 teachers for Grades 4 to 9; and 9,365 teachers in Grades 10 to 12 (including technical colleges), to mention a few. Another important factor may be the serious shortage of professionals in the training and development, and human resources sectors (approximately 13,000 people according to the 2008 Scarce Skills List, Dept of Labour, 2008). The shortage in Training and Development professionals appears to be one of the most severe shortages, with enormous consequences, at over 9,000”.

Fine tuning skills development strategies around green skills and economies present the best way to protect workers from new technologies and allow future generations from disadvantaged communities to have a path out of vicious cycle poverty. The ILO “Skills for Green Jobs in South Africa” report argues:

“A greener future also promises an enormous potential in a much needed employment growth. However, without suitable skills, this potential cannot be realized. Today, skills gaps are already recognized as a major bottleneck in a number of sectors, such as renewable energy, energy and resource efficiency, green building and retrofitting, environmental services, and green manufacturing. Training response measures are successful where they are coherent across policy domains, systemic and systematic, and targeted at disadvantaged groups. These training measures can only be effective if based on timely identification of skills needs. Effectiveness of training measures is decisive not only for the economic recovery but also for a longer-term sustainability agenda” (ILO, 2010, pg iii).

Change in skills demand and the obsolescence of some skills and technologies is inevitable due to ever innovative nature of technology and climate change necessitating green technologies and skills. The challenge is to make sure that these developments do not

¹³ Daniels (2007) p42-43: Appendices 2 and 3. ILO (2010) pg 91: Appendix 1



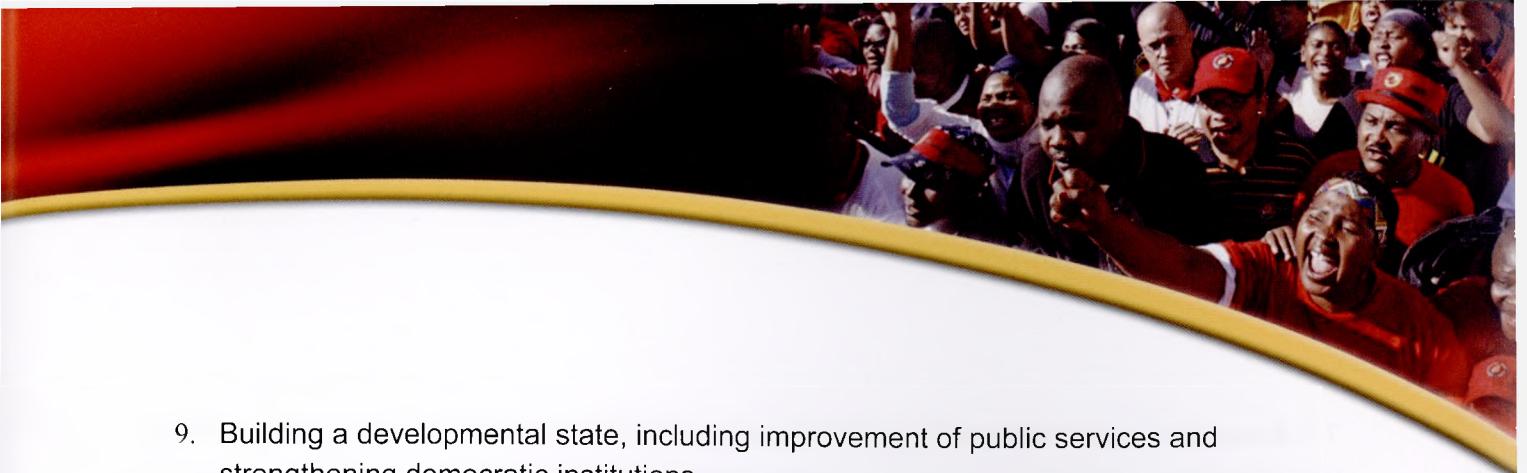
adversely affect the current workforce in all sectors by continuously upgrading their skills profile; and simultaneously making sure schools produce learners ready to take up further education and skills training to maintain the country's capability to develop economically by filling in skills gaps that hamper poverty alleviation, service delivery and socio-economic integration.

South Africa is not short of skills development policies that are meant to facilitate skills development: the Skills Development Act (1998), the Skills Development Levies Act (1999), the National Skills Development Strategy (2001), and the Human Resources Development Strategy (2001). Nor is it short of institutions implement these policies (besides schools, universities and technical colleges) as there are more than 20 Sectoral Education & Training Authorities (SETAs).

Skills Development Plans

In accordance with the Skills Development Act (SDA) section 10(1)(a) each SETA is required to develop a Sector Skills Plan (SSP) within the framework of the National Skills Development Strategy (NSDS). Critically, recent sector analysis have recognised the need for alignment of efforts across government in pursuit of improvement in productivity, employment and enterprise development. To this end, NSDS III requires sector skills strategies to contribute to the achievement of the country's new economic growth and social development goals as embodied in the new Medium Term Framework's strategic priorities, which include:

1. Speeding growth and transforming the economy to create decent work and sustainable livelihoods.
2. Massive programme to build economic and social infrastructure.
3. Comprehensive rural development strategy linked to land and agrarian reform and food security.
4. Strengthen the skills and human resource base.
5. Improve the health profile of all South Africans.
6. Intensify the fight against crime and corruption.
7. Build cohesive, caring and sustainable communities.
8. Sustainable resource management and use.



9. Building a developmental state, including improvement of public services and strengthening democratic institutions.

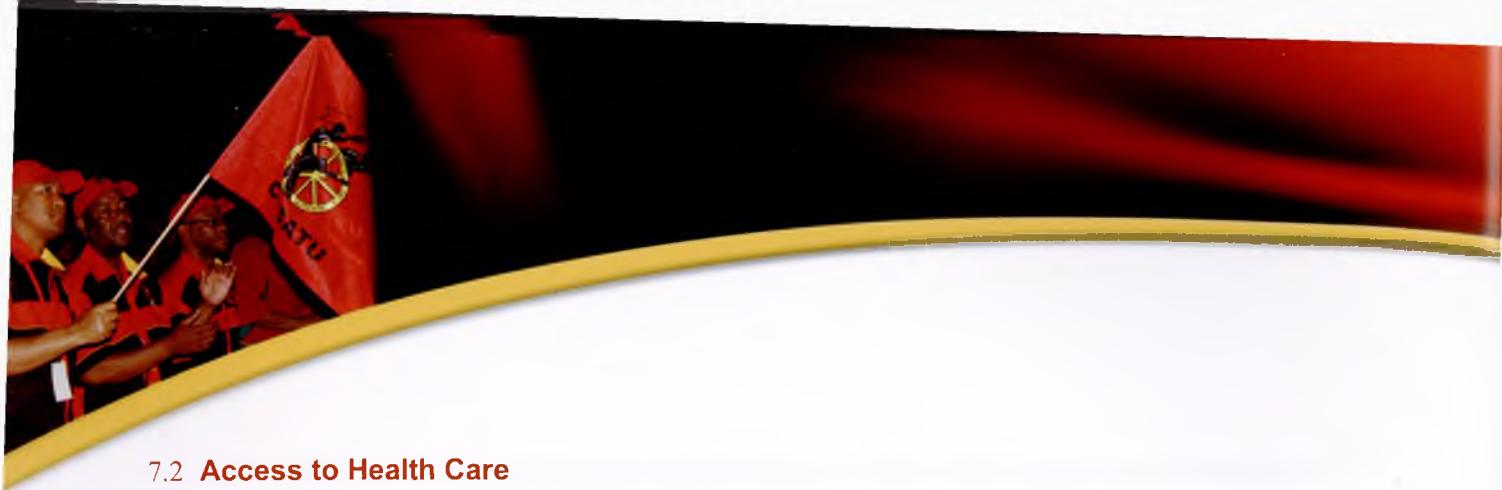
Each SETA, from the agriculture (AgriSETA) to the wholesale and retail (WRSETA) have recently completed their five-year (2011-2016) sector skills plans for the various sectors. Generally, in all SSPs consideration is given to the recent released *New Growth Path* strategy of the Department of Economic Development, particularly with respect to promoting a Decent Work Agenda; and provincial growth initiatives such as the Provincial Growth and Development Plans/ Strategies (PGDP) as provinces have different challenges. Broadly speaking, in terms of the New Growth Path, SETA have to contribute to meeting governments' 5 million jobs in 10 years by ameliorating the country's perennial problems of poor education and skills development.

Some of the SSP's have managed to base their missions around five core drivers of change and related skills development implications, namely: *decent work, greening the economy, small enterprise development, skills development and professionalization of occupations*. All the broad sectoral strategic priorities are linked to specific project proposals with performance measures and indicators as well as estimated time frames; making the appraisal of each SETA's fulfillment of SSP's possible and non-arbitrary.

All SETA SSPs provide succinct profiles of the sectors in which they operate as things stand and what implications current socio-economic trends have for them, especially regarding skills requirements. For trade unions, this time of economic uncertainty and climate change presents a new threat to workers who face being left behind due to being unskilled and too poor and technologically obsolete to work with new technologies. The new found commitment of government to be developmental, as embodied by policies of the Economic Development Department, present an opportunity to bridge the gap between workers' wages and their ability to train further and continually up-skill themselves.

The reality of the updated SSPs as carried out by state institutions, i.e. SETAs, is that government will always pat itself in the back for making plans and funds available to train workers; and business may still prefer retrenching workers and casualisation of employment despite skills development incentives. Labour will need to continue making an economic case for urgent attention to paid to skills development and make sure that workers are true beneficiaries of SSPs and the New Growth Path.

The current economic circumstances require trade unions to revert to apartheid era social movement unionism and take this issue of education, skills and employability as a community issue. Just as workplace injustice were fought as a microcosm of broader socio-economic injustices; the skills and employability of workers and the basic education of their children should be viewed as such.

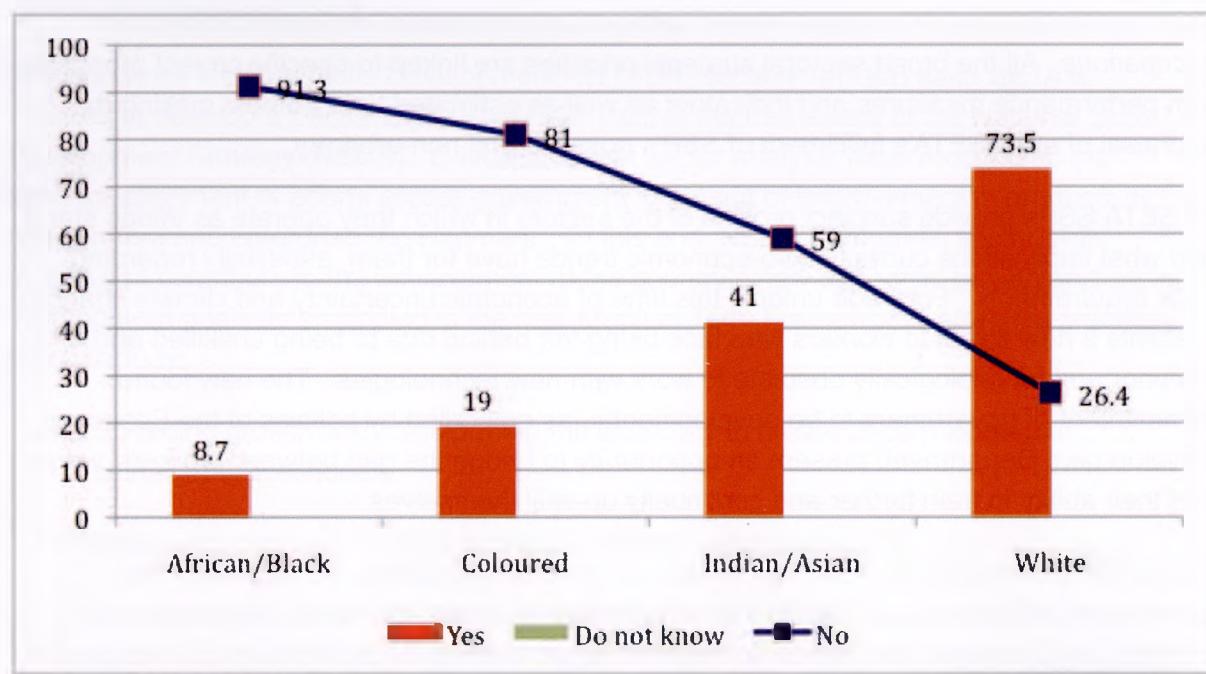


7.2 Access to Health Care

Our position calls for the radical transformation of the present two-tier health care system. This will lay a firm base for the de-commodification of the health care system in which access to health care is provided according to need not according to ability to pay.

Access to private healthcare remains the racially divided and without a National Health Insurance a racially skewed health care system will continue to be perpetuated. Below we illustrate how racially skewed access to private healthcare remains. According to the General Household Survey more than 91% of Africans do not have access to medical aid. In contrast 73.5% of Whites continue to reap the benefits of private healthcare. Racial imbalance in access to health care means many black households will have to continue to depend on poor public healthcare system.

Figure 23: Household members Access to Medical Aid by Race

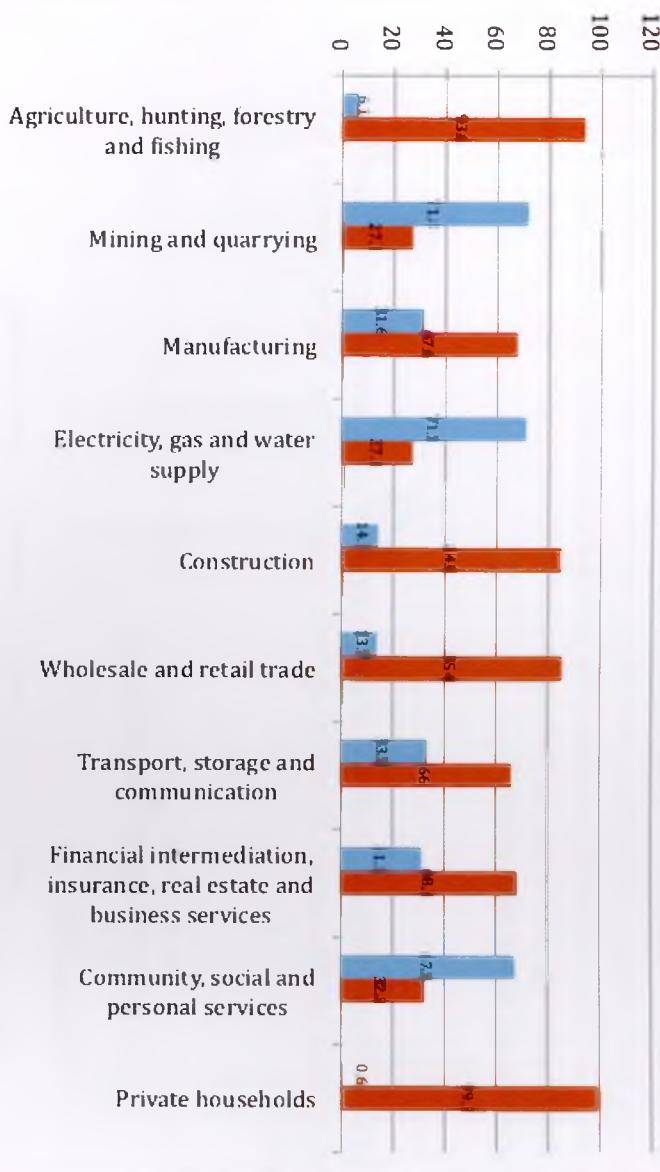


Source: Own Calculations General Household Survey, 2009

As illustrated below, blue collar workers continue to lag in gaining access to medical aid or private health care when looking at access by industry to medical aid or health care plan. Well over 90% of workers in the agriculture and domestic services have no access to medical aid, in contrast to the public sector and the mining sector, with approximately 70% and 71% workers having access to medical aid respectively. A significant number of workers in Manufacturing (67%), Construction (85%), Wholesale and Retail (85%), Transport (66%) and Financial Services (68%)

Source: *Quarterly Labour Force Survey, 2010*

Figure 24: Access to Medical Aid or Health Care Plan by Industry



■ Yes ■ No ■ Do not know



7.3 Transport

Spatial settlement patterns remain largely reflective of apartheid where black and coloured people were pushed to periphery townships and informal ghettos outside main city centres (Lucas, 2010:6). According to Lucas, the widespread **transport poverty** has to be placed in the broader context of the considerable economic and social deprivation as experienced across South Africa as a whole.

The concept of transport poverty is largely supported when analyzing data used from the 2003¹⁴ National Household Transport Survey. According to the national transport survey data only;

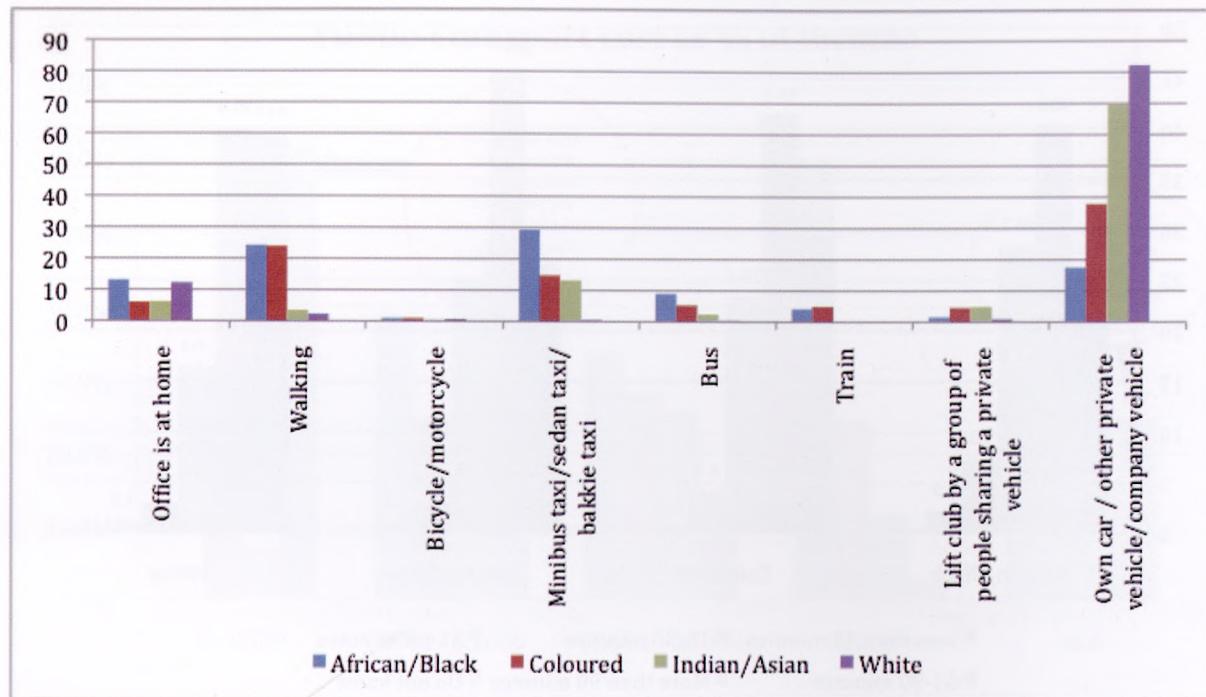
- 32% of commuters use private car
- 25% use taxi
- 23% walk
- 8% use bus
- 6% train

The survey results continue to reflect the diverse challenges faced by many commuters using public transport either for work, job seeking or for recreational purposes, for example. Of the total 50 000 households surveyed, 47% of households in the RSA indicate that transport is either not available or too far away; 27 per cent of households expressed concern at safety of minibus-taxis and the bad driver behaviour; and 23 per cent indicate that transport is too expensive.

This supports the more recent General Household Survey, where Mini bus taxis continue to be the main form of transport for most black people when having to get to work or for other needs. In contrast whites really entirely (80%) on their own vehicle/private transport to get to work.

¹⁴ This continues to be the most reliable Household data source on transport and travel.

Figure 25: Means of Transport by Race

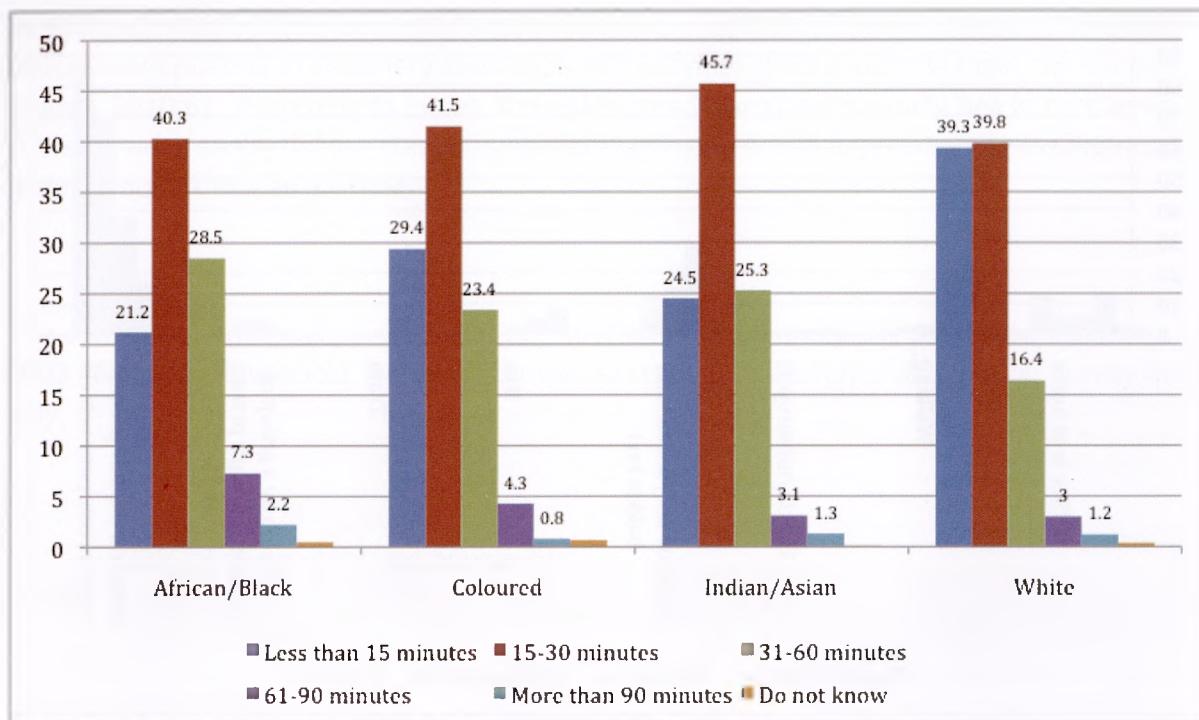


Source: *General Household Survey, 2009*

Similar results can be found when considering the time taken for different race groups getting to work and the impact that public transport may have on this. Most white people find it much easier to get to work, with 80% of white workers getting to work within 30 minutes. In contrast only 60% of African workers can find themselves at work within 30 minutes. A quarter of all black workers take between 30 minutes to one hour to get to work in contrast to just over 15% for white workers. A significantly larger number of black workers to white workers take more than 1 hour to get to work



Figure 26: Time taken to get to Work by Race

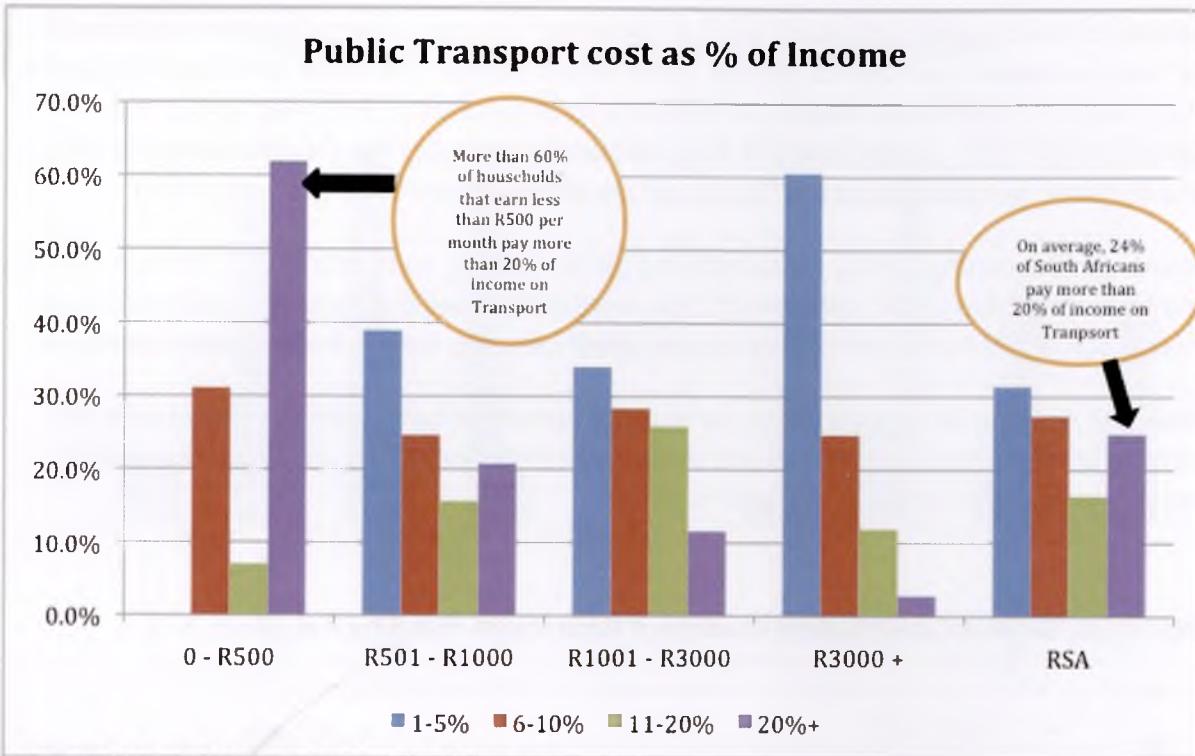


Source: Own Calculations, General Household Survey, 2009

As unreliable public transport and spatial patterns continue to impact on commuters, so too does the cost of public transport on low income households. Figure 25 illustrates startling results with more than 60% of households earning R500 and less pay in excess of 20% of their income on transport –this is one fifth of total income. In contrast, those households who earn R3000 and more a month pay between 1-5%.

According to the survey results, on average, more than 25% of South African pays 20% and more as a percentage of total income on transport. Put differently this amounts to about 2.3 million households who pay 20% and more on transport cost. While workers continue to experience declining share of income, there is no reason to believe that transport costs as a percentage of income has declined today and may have risen significantly higher for lower income workers.

Figure 27: Household Transport Cost as a % of Income



Cheap and affordable transport for many workers remains an illusion, with 41% of all households paying more than 11% of total household income on transport and fails to meet one of the key policy objectives identified in the National Transport Policy white paper of keeping household transport cost as a percentage of income at 10% and less.



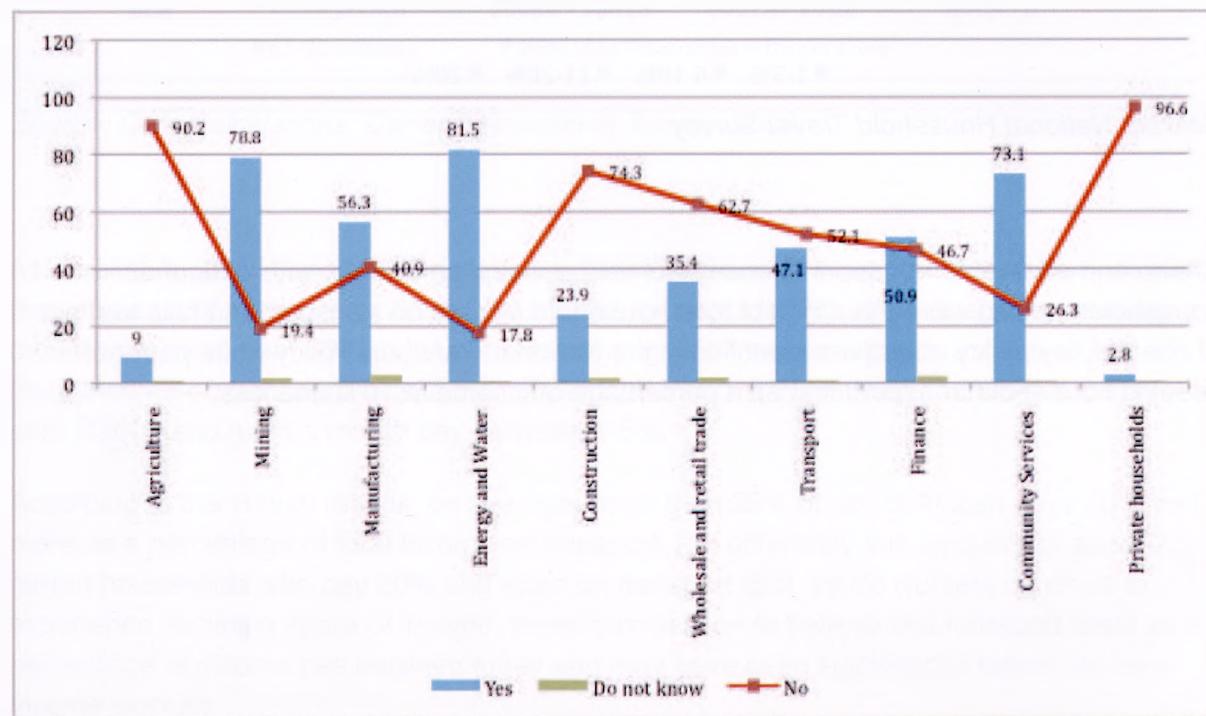
7.4 National retirement and savings schemes

Access to basic a basic retirement fund or retirement savings scheme remains problematic for many workers in precarious sectors of our labour market. Below we provide an indication of workers who contribute towards a retirement fund by industry. Many workers in the agriculture (90.2%), construction (74.3%), wholesale and retail (62.7%), transport (52.1%) and domestic services sectors (97%) do not contribute towards any retirement fund.

Workers in the mining (79%), manufacturing (56%), energy and water (82%), finance (50.9%) and community and public services (73.1%) sector show better access to a retirement fund, though significant numbers in these sectors continue to lag behind there worker colleagues.

While the demand for universal and compulsory retirement fund is critical it must take into consideration low income workers and avoid any significant impact on household income required to meet food and other basic needs.

Figure 28: Worker Contribution towards a Retirement Fund by Industry

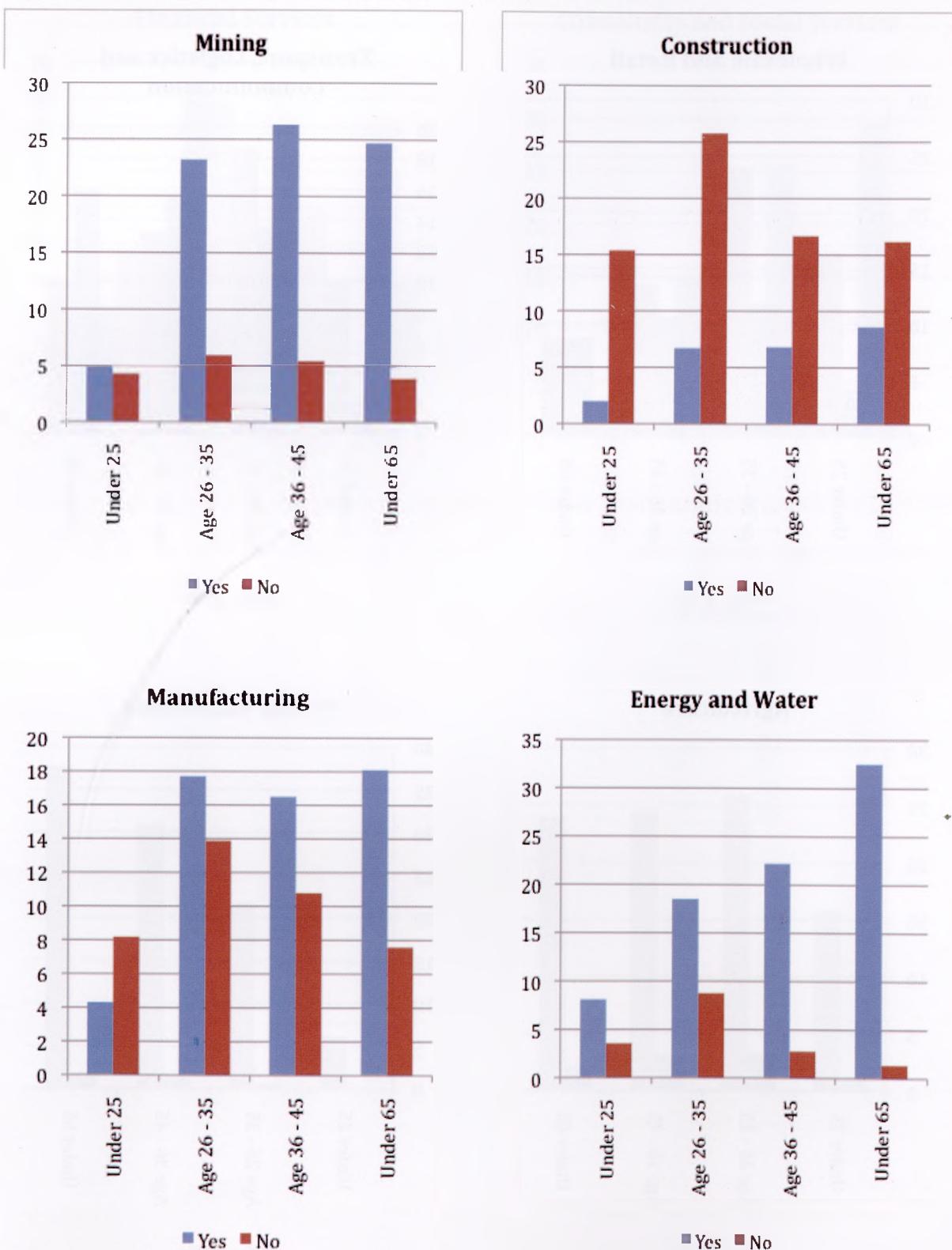


Source: *Quarterly Labour Force Survey, Q3, 2010*

A breakdown of retirement contributions by age category illustrates a significant number of those under-25 years of age do not contribute towards a retirement fund. This could largely be due to young workers struggling to find entry to permanent employment and having to go through lengthy probationary or limited duration contracts.

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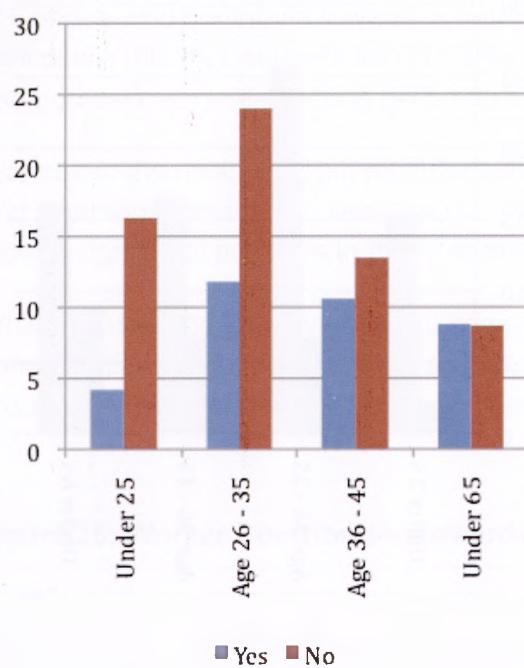
Figure 29: Retirement Fund Contributions by Age and Sector¹⁵



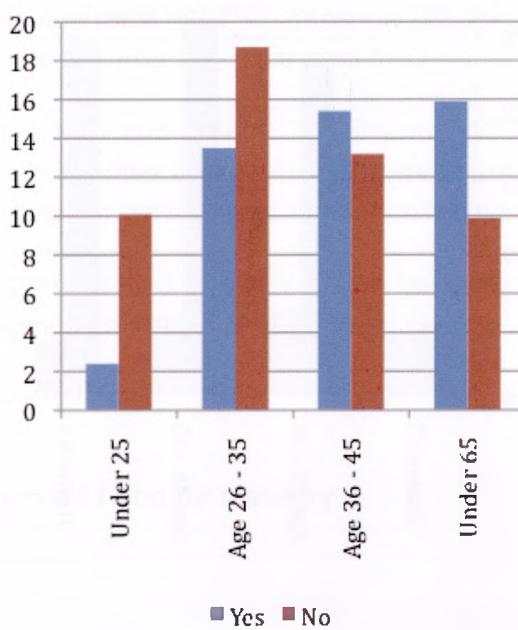
¹⁵ Statssa, Quarterly Labour Force, 3rd Quarter, 2010



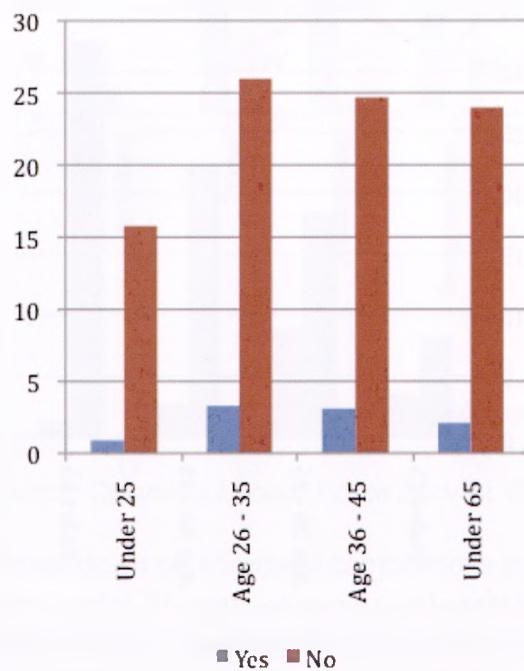
Wholesale and Retail



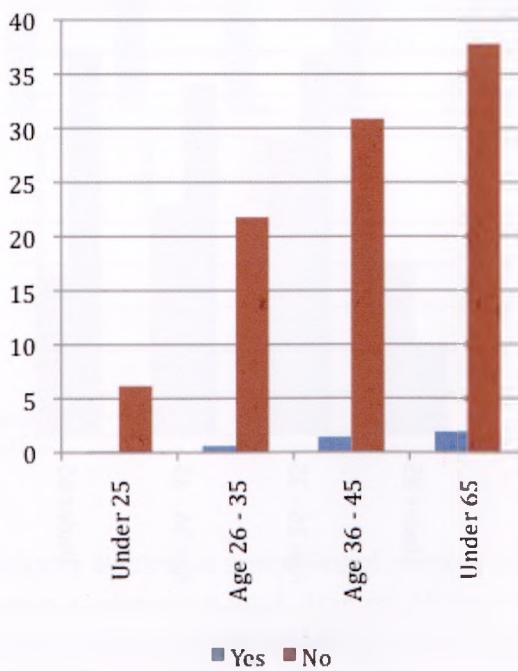
Transport, Logistics and Communication

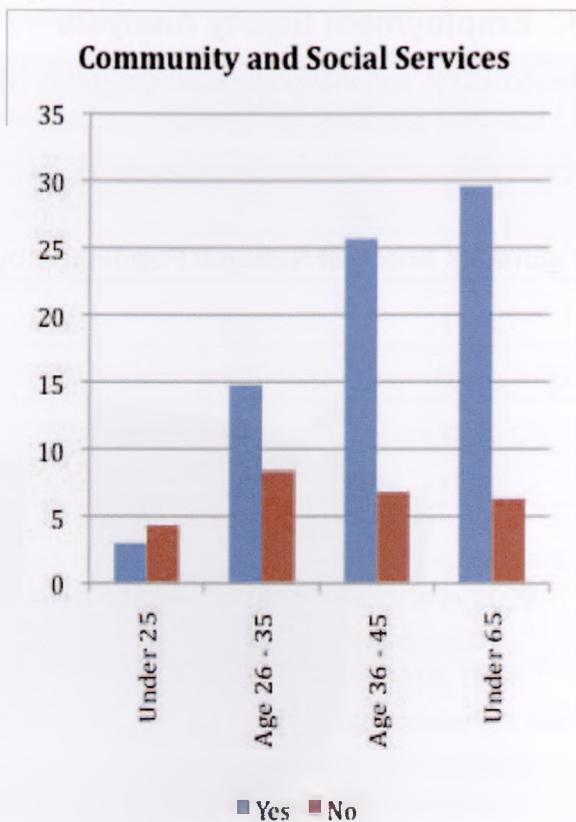
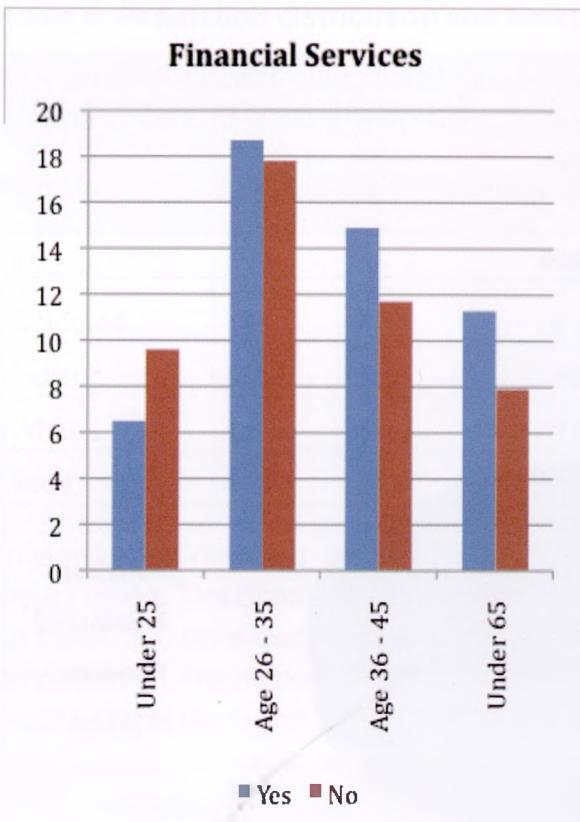


Agriculture



Private Households

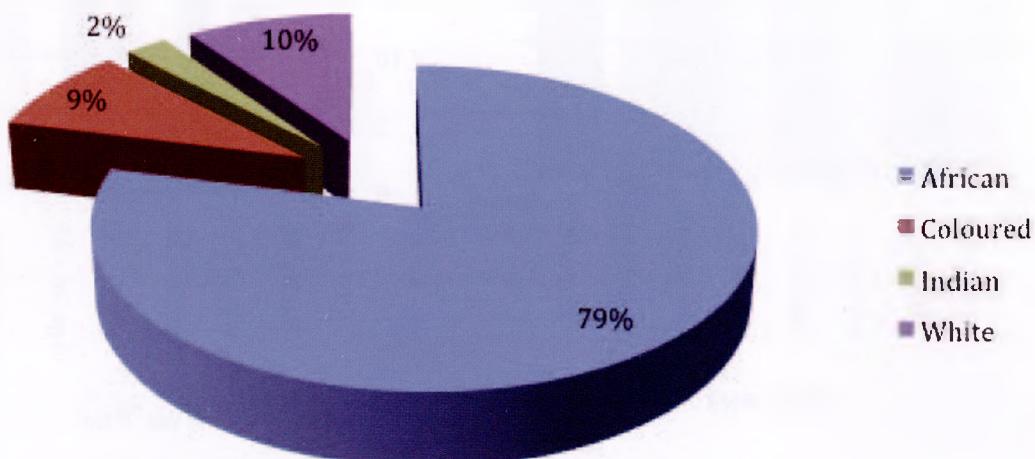




8. Employment Equity Analysis

According to national population statistics, the largest population group in South Africa is African and accounts for 79% of the national population. The other groups, in order of size are whites (10%), coloureds (9%) and Indians (2%).

Figure 30: Share of National Population by Race



The table below, which compares the national population statistics with the national economically active persons statistics, reveals that the economically active statistics follows the national population statistics with the biggest economically active population group being African (73%), followed by whites (12%), coloureds (11.3%), and Indians (3%). Africans are also in the majority in seven of the country's 9 provinces whilst coloureds are in the majority in two (Western Cape and Northern Cape).

The statistics however also show that economically active statistics based on gender do not follow the national population statistics. Therefore whereas females account for the majority of the national population (52.2%), the economically active category is dominated by males (54%) already setting the pace for gender inequality at the workplace. The statistics also show that ideally, 88% of the work force population should be black.

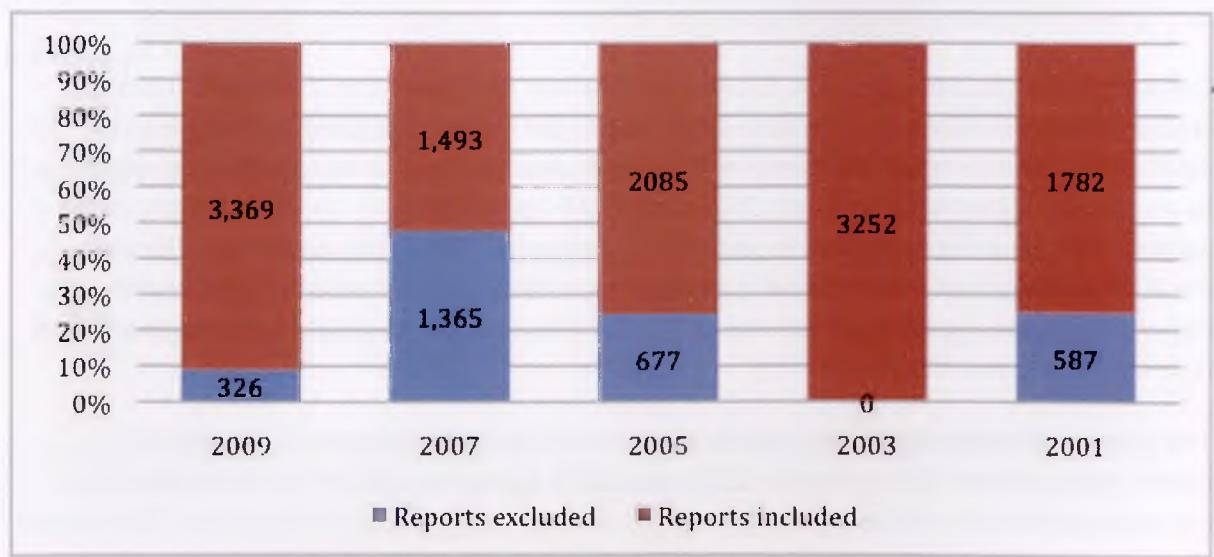


Table 8: Population distribution and Economically Active

	National population distribution (Census 2001)			Economically Active (Quarterly Labour Force Survey, Sept 2009)		
	Male	Female	Total	Male	Female	Total
African	37.7	41.3	79	39.2	34.2	73.4
Coloured	4.3	4.6	8.9	6.1	5.2	11.3
Indian	1.2	1.3	2.5	1.9	1.1	3
White	4.6	5	9.6	6.7	5.5	12.2
Total	47.8	52.2	100	54	46	100

In terms of EE reporting, the chart below summarises the 2009 Commission for employment equity report. The Commission reports receiving 3,695 employment equity reports in 2009. Of these, 326 were excluded because they were “not fully and accurately completed by employers¹⁶”. The amount of reports included in the analysis hence represents 91% of all reports. What the report fails to do is to disaggregate the number of reporting companies per sector. Additionally, the report does not provide information on what happens to companies not reporting on and complying with their EE obligations. This certainly suggests a lack of action on companies not reporting on and fulfilling their EE obligations.

Figure 31: Employment Equity Reports received



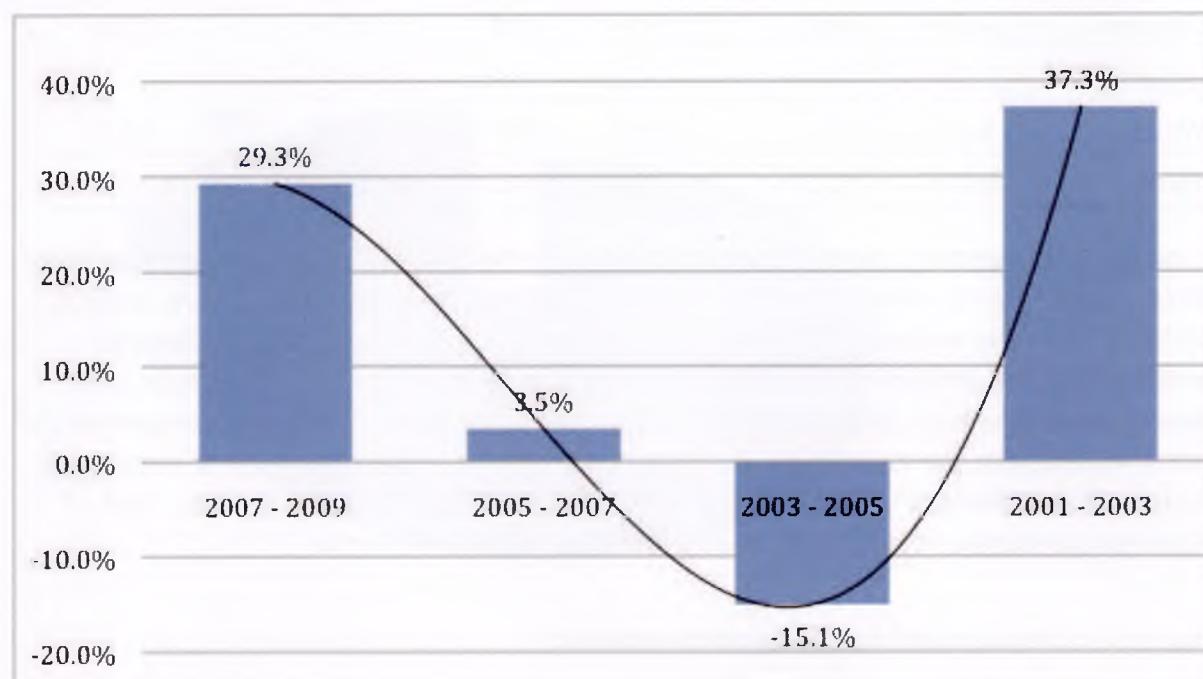
Having said that, the chart below summarises the change in the number of reports the

¹⁶ Commission for Employment Equity. 2010. 2009 Annual Employment Equity Report. P. 8



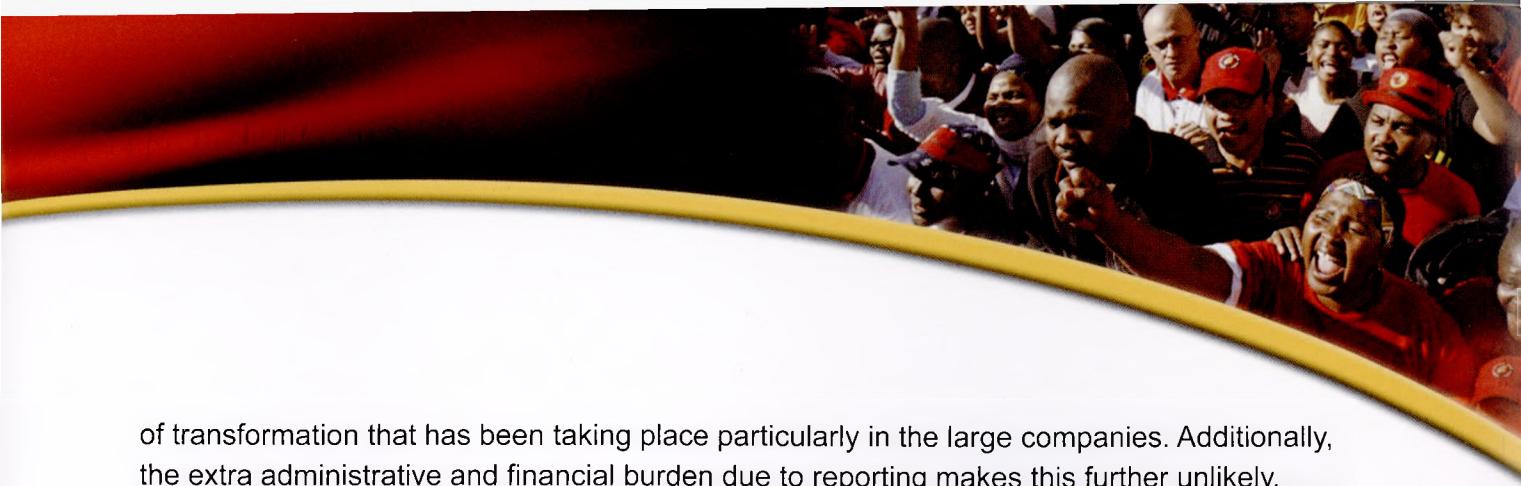
commission received between 2001 and 2009. Between 2001 and 2009, there has been a 56% rise in the number of reports the Commission received from 2,369 in 2001 to 3,695 in 2009. In total, 14,936 reports were received by the Commission for the years 2001, 2003, 2005, 2007 and 2009. These are the years that large companies had to report. Approximately 80% of this total (11,981 reports) were deemed fully and accurately reported.

Figure 32: Change in number of EE Reports Received



Between these reporting periods, the largest rise was seen between the reports received in 2001 and 2003 which registered a 37.3% rise in the reports the Commission received. Additionally, all the reports received in 2003 were deemed fully and accurately reported by employers. The period between 2003 and 2005 however saw a 15.1% decrease in the number of large companies that reported. The reason for this remains unclear. Although the 2005 employment equity report specifically identifies this and calls for a probe into why this was the case, proceeding reports by the Commission fail to explain this suggesting that noncompliance was the reason why.

The number of large companies reporting then went up 3.5% between 2005 and 2007 before rising another 30% between 2007 and 2009. Again the reason for the reverse from the downward trend previously experienced to the upward trend is not identified. Two reasons come to mind however on why this was the case. The first is that large companies may have finally seen the value in working with government in monitoring employment equity trends it is our opinion however that this was highly unlikely especially given the slow pace



of transformation that has been taking place particularly in the large companies. Additionally, the extra administrative and financial burden due to reporting makes this further unlikely.

A more plausible explanation for this may be government's efforts since 2003 at clarifying the various relevant employment equity legislations and their implications but more particularly, government's growing threat to deal more severely with companies not fulfilling their EE obligations. This therefore suggests that, for as long as government has the capacity to effectively monitor company EE reporting, tightening the legislation to include severe penalties for non-compliance remains a viable option or at least one strong enough to motivate large companies into at least reporting their annual EE status.

This therefore poses the question, to what extent government has the capacity to actually and effectively monitor company EE reporting beyond mere numbers. A desktop inquiry suggests that the Commission, still has a long way to at least create the impression that it is able to do this. For example, the fact that the Commission to date has no dedicated website where past and present reports can be easily accessible and data downloaded and interrogated suggests that the Commission itself is not comfortable with the rigour and robustness of its own data. Arguably, had the Commission been confident of its data and given the high importance workplace transformation is given, it only stands to reason that more comprehensive data would be available on a dedicated webpage.

More importantly, it would be useful, now that the Commission for employment equity has been publishing its annual report for ten years, if it were to publish a full ten year review of employment equity trends and how its work has progressed so far.

The employment equity report goes on to note the following as regards employment equity in the country:

- Whites continue to dominate at nearly every occupational level especially amongst the mid and upper management levels. More concerning is the fact that employers seem to be the ones championing this snail's pace rate of transformation through their continued hiring and promotion of whites more than any other groups at a rate of 41.1% of all employers. This amounts to a total of 51.3% white people promotion to management when white female promotions (10.2%) are added.

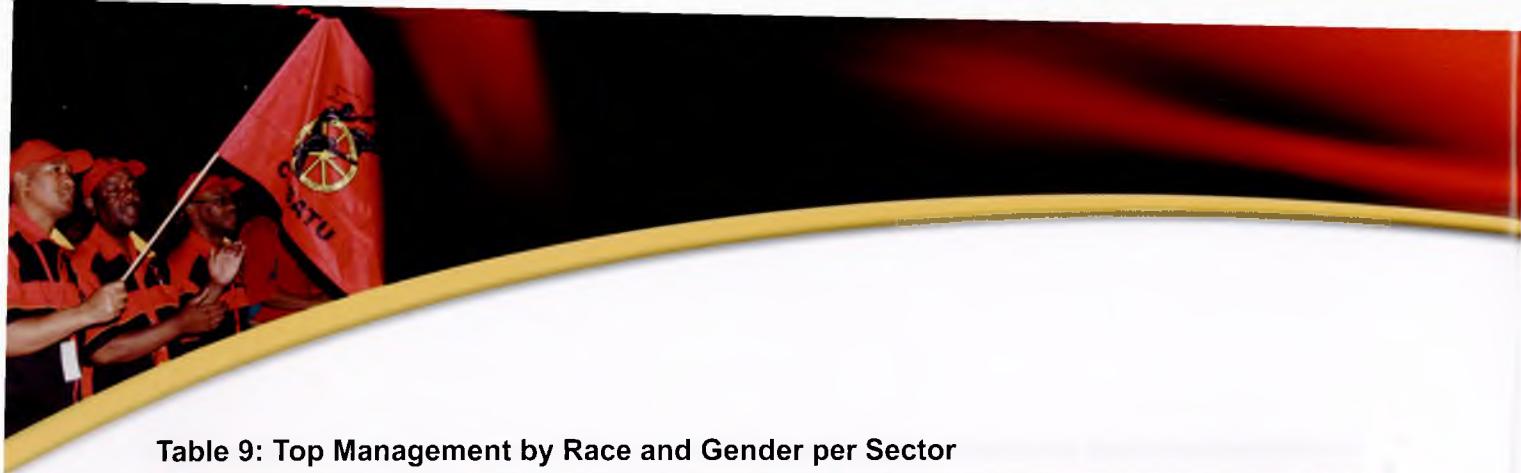


Table 9: Top Management by Race and Gender per Sector

Occupational Levels	Male (%)					Female (%)				Foreign National (%)	
	Afri-can	Co-	In-dian	White	Afri-can	Co-coloured	In-dian		Male	Female	
Agriculture	8.5	2.4	0.4	76.7	2.1	0.7	0	8.5	0.6	0	
Mining & Quarrying	13.6	1.4	1.9	68.5	3.4	0.3	0	6.1	4.9	0	
Manufacturing	6.8	2.5	6.2	64.4	2.1	0.9	1	7.8	7.8	0.6	
Electricity, Gas and Water	27.7	4	5.1	29.3	16.2	1.7	1.2	3.7	9.2	1.7	
Construction	10.9	4.2	5	69.9	1.9	0.6	0.7	4.8	2.1	0.1	
Retail & motor Trade	4.7	2.1	5.9	68.2	0.9	0.5	1.2	10.9	3.4	1.7	
Wholesale Trade/ Commercial Agents/Allied	4.6	3.5	7.7	57.2	1.9	1.1	1.7	9.2	2	0.1	
Catering/Accommodation/ other trade	10.1	1.7	3.6	46.9	3	1.7	0.8	18	2.8	1.1	
Transport/Storage/ Communications	19.5	4.5	6.6	46.9	6.1	0.8	1.6	8.7	4.9	0.4	
Finances/ Business Services	12.8	3	6.8	51.5	6.8	1.4	1.9	12.7	2.5	0.6	
Community/Social/ Personal Services	28.9	6.5	4.6	30.2	14.7	2.8	1.7	9.6	0.8	0.2	

Source: Commission For Employment Equity Report, 2010

- African and coloured females and people with disabilities, probably the most vulnerable amongst the economically active, are the least benefactors of affirmative action whilst female whites continue to be the biggest benefactor of affirmative action. This certainly begs an interrogation into how sustainable this situation is and if there are any other ways to better improve the targeting of affirmative action interventions.

The two charts below compare the proportion of economically active individuals broken down by gender and race with the workforce profile for all reporting employees. It shows that whilst the white male accounts for 6.7% of the economically active population, by contrast, the white male accounts for the highest proportion of the workforce profile for all employers (54.5%).



Figure 33: Workforce profile for all employers

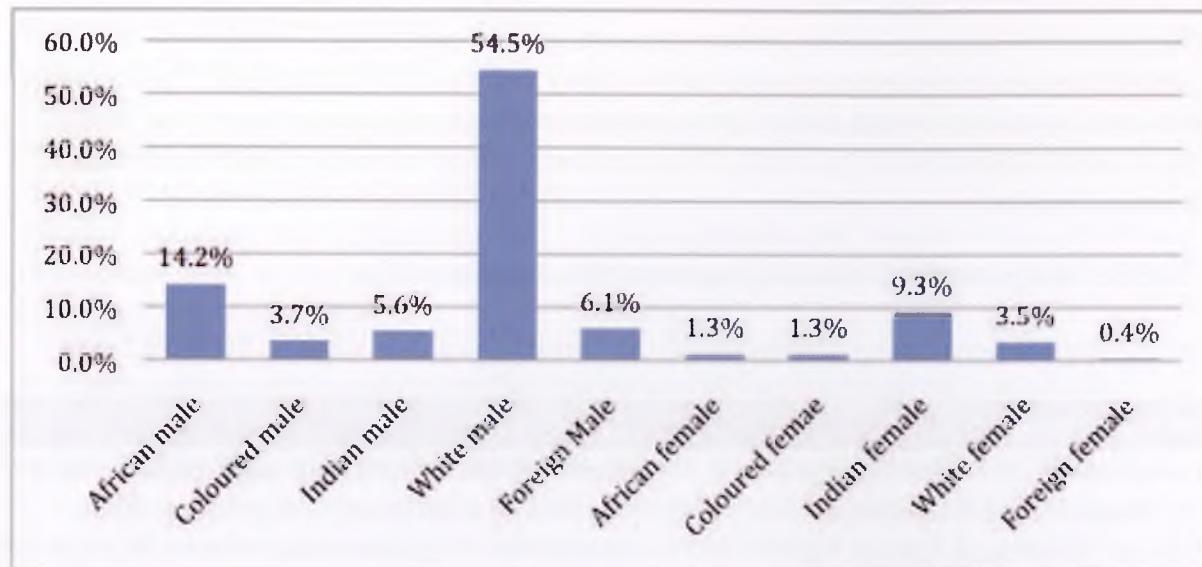
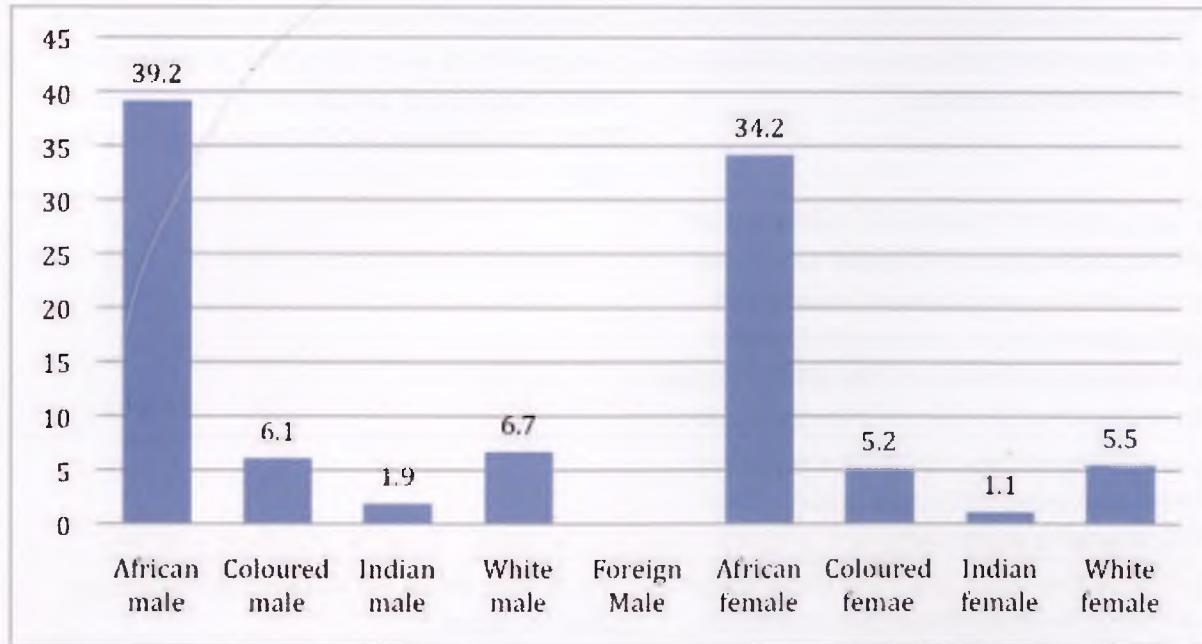
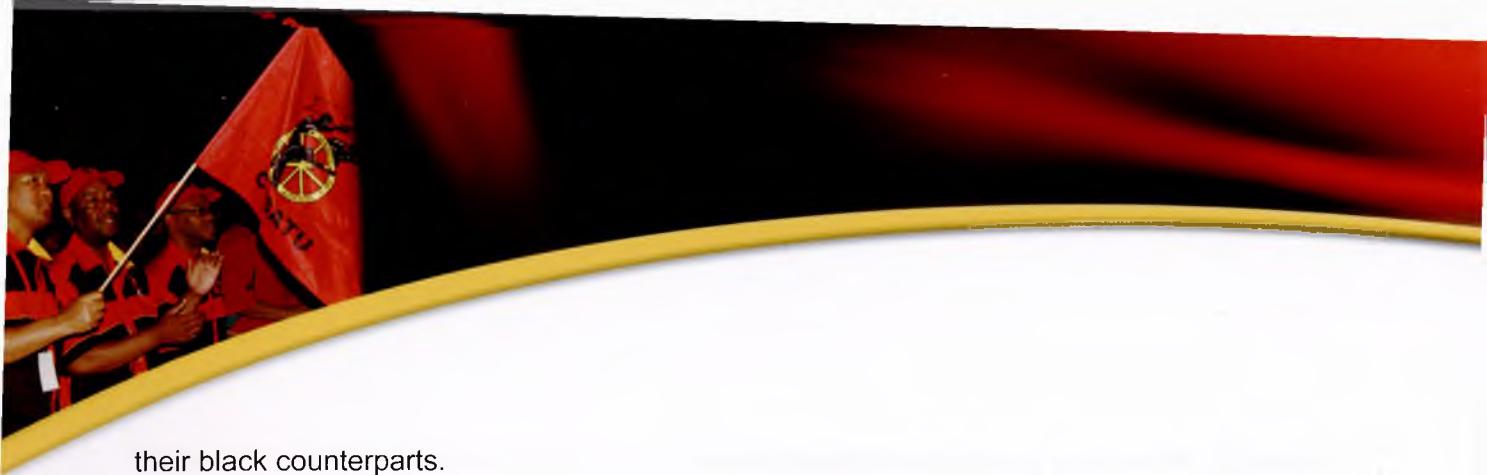


Figure 34: Economically Active Population



This strongly insinuates that the sluggish rate of transformation has been to a large extent due to employers simply undermining their employment equity obligations without any plausible reason. This also calls for an investigation into the efficacy of government measures (legislative and otherwise) to ensure companies comply with their employment equity obligations beyond mere numbers. This is also particularly so since the data also shows that even when it comes to training opportunities, whites continue to dominate over



their black counterparts.

- Remuneration disparity on the basis of race and gender continues¹⁷ – employers continue to admit that race and gender impacts on the salary that they offer employees. This certainly calls for a big role for unions to play to try and ensure that employees adhere to an “equal pay for work of equal value” principle. This is an area unions can be vigilant in and make remarkable gains.
- BBBEE ratings send a misleading message about transformation.

Accordingly the Commission makes the recommendations summarised in the table below:

Recommendation	Comment
Liaise even further with section 9 institutions like the Commission for Gender Equality, SA Human Rights Commission(SAHR), etc. in order to eliminate unfair discrimination and promote affirmative action	Section 9 institutions have arguably been very feeble and reactionary in dispensing their mandated obligations and any move by them to proactively eliminate unfair discrimination and promote affirmative action is bound to have positive effects
Engage government and business in order to improve on the representation levels of people with disabilities	At a minimum Government needs to reach its own goal of at least 2% of the public service being made up of people with disabilities by 2010. (it currently, in 2010 stands at less than 1% ¹⁸)
Engage the BEE Council on matters that promote employment equity to ensure that both the employment equity and skills development scorecards become compulsory elements of the BBBEE Codes irrespective of the size of the organization	
Engage Organised Labour to strengthen the monitoring and compliance of the Employment Equity Act	
Increase the capacity at the Department of Labour to strengthen the monitoring and compliance mechanisms	This is probably a very urgent priority especially for labour.
Promote the principle of fair remuneration, i.e. equal pay for work of equal value, in order to address any disparities on one or more arbitrary grounds	

¹⁷ Commission for Employment Equity 2010. Annual Employment Equity – 2009, p.36.

¹⁸ Commission for employment equity, op cit.



Recommendation	Comment
Once the Act has been amended, amend regulations to bring it in line with any new requirements	
Review the Code of Good Practice on Key Aspects of HIV and AIDS in the Workplace	
Develop a process that will facilitate the certification of EE so that this becomes a condition of awarding tenders.	This is probably the “lowest hanging fruit” in government’s attempt to foster speedier transformation

Important and worrying to note is the fact that almost all the recommendations revolve around measures aimed at trying to ensure compliance. This suggests that since employers are loathe to implement affirmative action obligations, government should start beefing up its legislative environment as well as its ability to monitor employment equity progress to facilitate its intention to speed up workplace transformation.



9. HIV/AIDS Prevalence

9.1 HIV/Aids in Africa

The catastrophic levels that the HIV/Aids epidemic has reached in Africa, especially Sub-Saharan Africa (SSA), can hardly be exaggerated. Despite accounting for only 10% of the global population, this part of Africa was, by 2000, already home to approximately 70% of people living with HIV/Aids. UNAID estimated that as 2008 came to an end, Africa accounted for a staggering 67% of PLWHA globally, 70% of new infections in 2008 and another 70% of AIDS related deaths worldwide

9.2 South African Firms and the Epidemic

Additionally, there is growing evidence that foreign direct investment (FDI) from South Africa into the rest of the continent has been steadily rising, in contrast to the lacklustre performance of FDI into Africa from the rest of the world. South African firms are arguably the largest investors into Africa today. The South African business environment is far more developed than any other in the rest of the continent. With HIV/AIDS threatening to slow down workforce productivity, the implications are far reaching not only for the South African economy but indeed the entire sub-Saharan Africa economy as a whole.

SABCOHA estimates that more than two-thirds of the large South African companies have lost productivity lowered and experienced increased costs owing to increased absenteeism and higher employee benefit costs. An implication of this is that addressing HIV/AIDS in the workplace is in the interest of companies since ensuring a healthy mixture of profit maximisation and cost minimization is a central motive of any business.

According to SABCOHA and other literature, most large South African firms admit to having been affected by Aids, and therefore have introduced HIV/Aids policies. Lwanda (2005) additionally contends that his interviews with various corporate representatives suggest that most large firms started investigating the likely impact of HIV/Aids on their businesses in the early to mid-90s, a period during which most African governments were only just beginning to accept the existence of the disease.

SABCOHA contends that the HIV/Aids policies that companies have implemented are largely based on the following principles:

- that people living with HIV/Aids should not be discriminated against;
- that care programmes aimed at providing help for infected and/or affected communities and/or members of staff and their families should be provided;



- that educational programmes largely aimed at inducing behavioural change should be introduced; and
- that communities, other businesses and government should be included in 'win-win' partnerships.

The literature consulted also suggests that by the turn of the century, the global imperative to tackle the pandemic had affected South African firms sooner than it did their counterparts elsewhere in Africa. This was fuelled by three factors:

1. The 2002 King report, which suggested that every company take into account all threats to the health of stakeholders, including HIV/Aids; and provide well-defined measurement targets and objectives for strategies, plans and policies to address and manage the potential impact of HIV/Aids on the organisation's activities.¹⁹
2. The formal requirement of the Johannesburg Stock Exchange (JSE) that listed companies should include HIV/Aids in their annual report.
3. The establishment in 2000 of SABCOHA and other business coalitions aimed at coordinating the efforts of businesses to address HIV/Aids.

The proceeding section looks at some of the results of the survey.

¹⁹ King report on Corporate Governance for South Africa. Institute of Directors in Southern Africa 2002, www.iodsa.co.za.



9.3 Companies with HIV/AIDS policies

According to SABCOHA, by 1995, 5% of companies in the manufacturing sector, 4% in mining, 4% of building and construction companies and 20% of wholesale companies had responded to the epidemic by adopting HIV/Aids policies. (See Table 2 below.). In addition, it notes that most companies began implementing their policies between 2000 and 2004.

Percentage of South African companies that have an HIV/Aids policy and year of implementation — Sector breakdown							
Manufacturing	Building and Construction			Motor			
	Retail			Mining			
	Wholesale			Financial Sector			
<i>Percentage of companies that have an Aids policy</i>							
50%	21%	15%	24%	29%	77%	58%	
<i>Percentage of companies that implemented their HIV/Aids policies</i>							
<i>Before 1995</i>							
5%	4%	0%	20%	0%	4%	0%	
<i>Between 1995–1999</i>							
8%	8%	13%	5%	10%	19%	7%	
<i>Between 2000–2002</i>							
55%	42%	63%	35%	30%	43%	80%	
<i>2003</i>							
22%	37%	17%	35%	60%	32%	7%	
<i>2004</i>							
9%	9%	6%	5%	0%	2%	6%	
<i>Sum total</i>							
100%	100%	100%	100%	100%	100%	100%	100%

SABCOHA also observes that 96% of large South African firms²⁰ and 64% of medium sized companies²¹ had HIV/Aids policies in 2004. (See Table below) This is in sharp contrast to a survey conducted by Price Waterhouse Cooper on 216 firms in Kenya, Tanzania, Uganda and Zambia in 2003, which found that only 39% of the firms surveyed had instituted a formal HIV/Aids policy.²² (See Figure below)

²⁰ Defined as firms employing over 500 people.

²¹ Defined as firms employing between 100 and 500 people.

²² Price Waterhouse Cooper, HIV/Aids: What is Business Doing?, 2003.



Percentage of South African firms

with HIV/Aids policies and year implementation

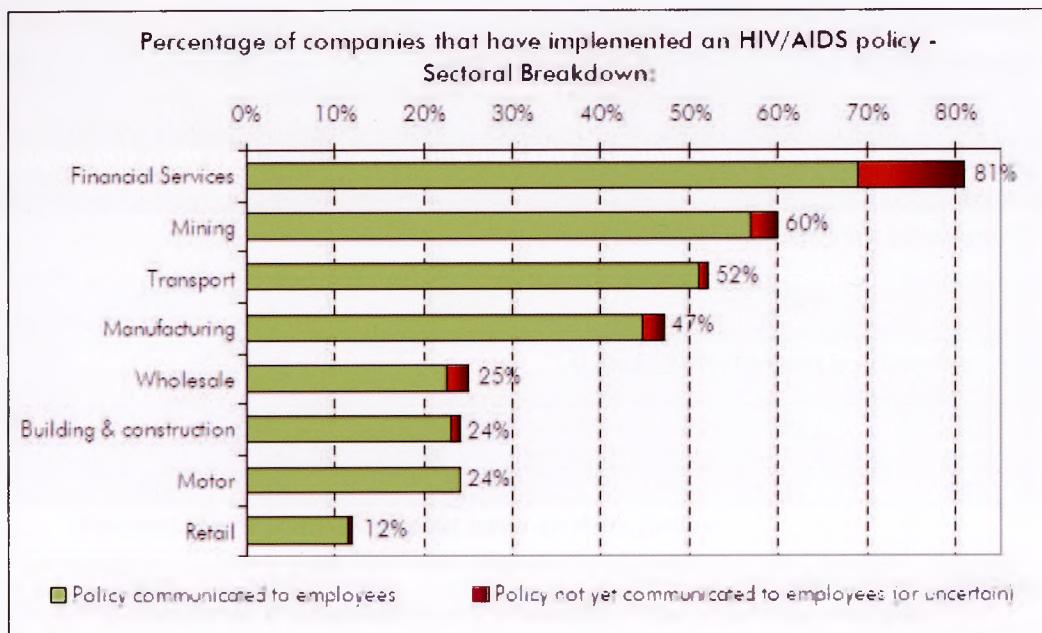
	Large: <i>More than 500 employees</i>	Medium: <i>100–500 employees</i>	Small: <i>Less than 100 employees</i>
Percentage of companies that have an HIV/Aids policy			
	96%	64%	17%
Percentage that implemented their HIV/Aids policies			
<i>Before 1995</i>	13%	2%	3%
<i>Between 1995–1999</i>	3%	9%	12%
<i>Between 2000–2002</i>	48%	59%	47%
<i>2003</i>	28%	24%	28%
<i>2004</i>	7%	5%	11%
Sum Total	100%	100%	100%

Source: SABCOHA 2004 HIV/Aids Report

According to the 2005 SABCOHA study; the figure below summarises the percentage of the survey respondents that have implemented an HIV/AIDS policy by sector as well as by company size²³. The results show that HIV/AIDS policies have been developed and communicated especially within the mining, financial services, transport and manufacturing sectors. The results indicate that that financial services, with more than 80% of companies having an HIV/AIDS policy is the lead sector. This is followed by mining (60%), transport (52%), manufacturing (47%). The sector exhibiting the least response to the epidemic via the implementation of a workplace HIV/AIDS policy is the retail sector (12%) and the motor and building and construction sectors (each 24%).

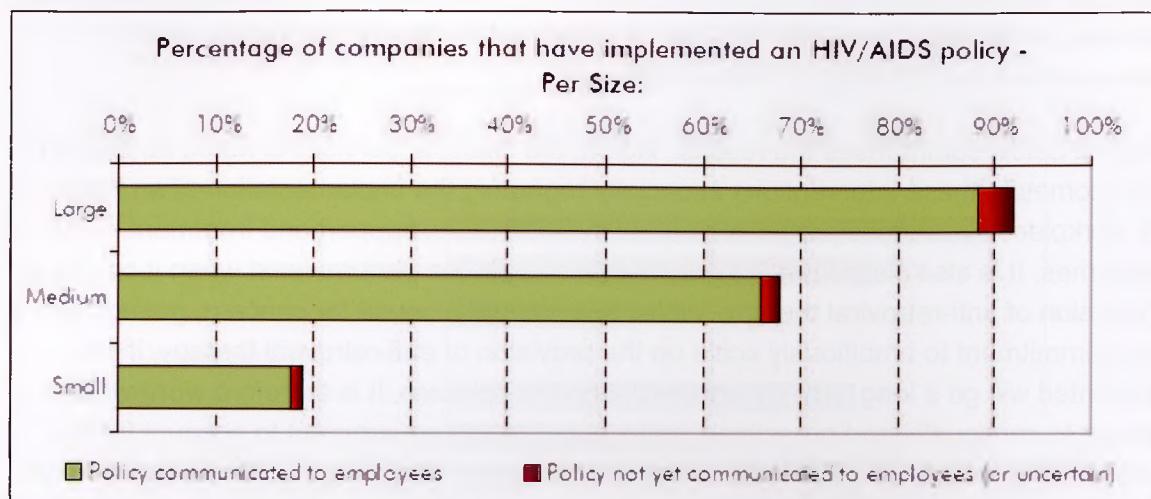
²³ The survey defined company size in terms of number of employees as follows: small company is a company with less than 100 employees, medium size company has between 100 to 500 employees and a large company will have more than 500 employees

Figure 35: % of Companies that have Implemented HIV/Aids Policy



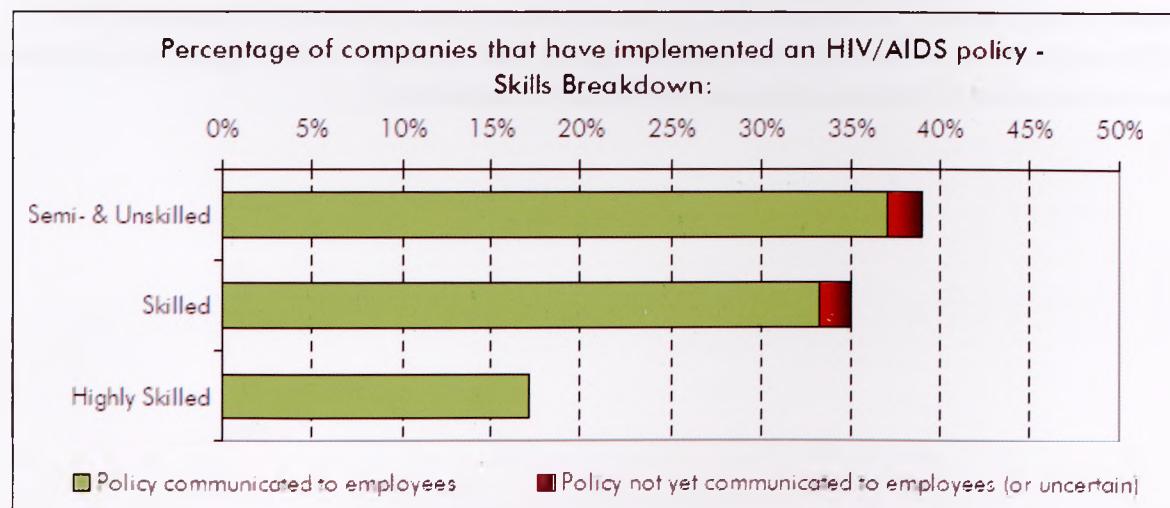
The report also pleasingly notes that in addition to having workplace policies in place, the majority of companies have also gone ahead and communicated the existence of the policy to staff a move most likely to encourage uptake of the policy. When viewed by size of company and/or company skills breakdown (see graphs below); the survey findings note a strong correlation between a company size and whether it has an HIV/AIDS policy. The majority of large companies (>90%) are noted as having a policy in place whereas less than a fifth of the small companies have a policy in place.

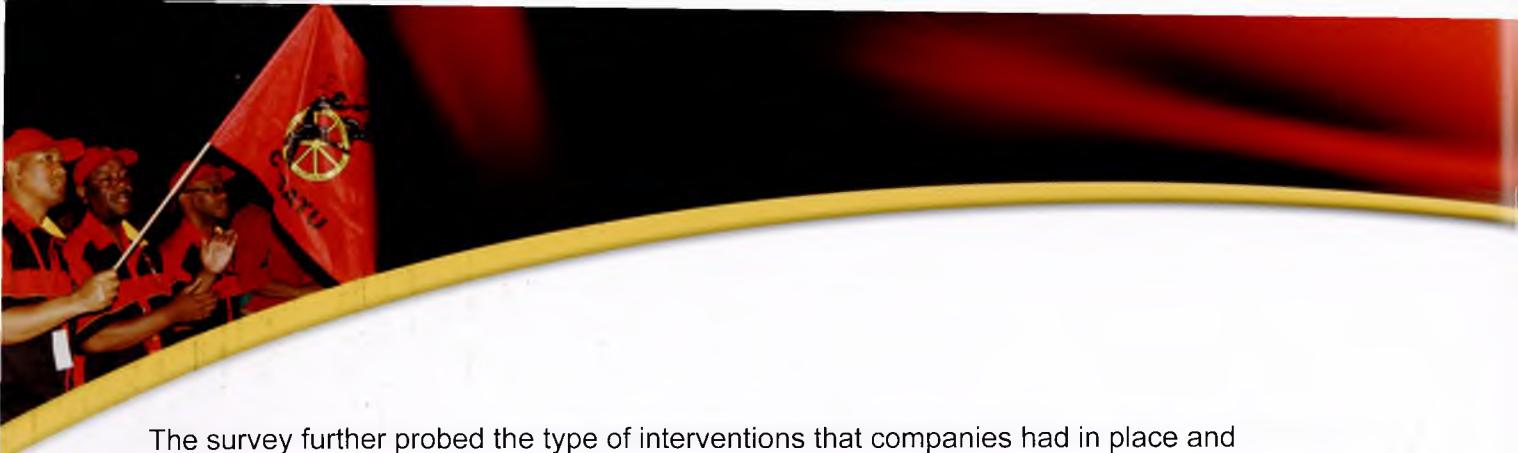
Figure 36: % of Companies by size who have Implemented an HIV/AIDS Policy



Similarly, a strong correlation between a company's skills base and its response is noted. In this regard, it is noted that companies employing predominantly semi- and unskilled labour have a policy in place whilst only 17% of companies predominantly employing high skilled workers have a policy in place. The reason for this is not immediately clear although it is most likely related to income. Highly skilled employees tend to earn more and have access to better health facilities and thus will rely less on the company in terms of assisting them health wise besides the usual company contribution to a medical aid fund.

Figure 37: % of Companies that have implemented HIV/AIDS Policy by skills breakdown





The survey further probed the type of interventions that companies had in place and specifically wanted to find out if a company has a VCT programme, an HIV/AIDS workplace awareness programme, an HIV/AIDS care, support and treatment programme and/or provides anti-retroviral therapy at the workplace.

The figure below summarises the results. Again, the financial services is noted as leading when it comes to these interventions especially regarding the implementation of an HIV/AIDS workplace awareness programme and HIV/AIDS care, support and treatment programmes. It is also clear from the results that companies perform least when it comes to the provision of anti-retroviral therapy. Whilst this may be a cause for concern, government's recent commitment to ambitiously scale up the provision of anti-retroviral therapy, if fully implemented will go a long way towards negating this concern. It is therefore worthwhile for labour to continually and proactively make sure it holds government to account for its promises in this regard. It will also be important to monitor the effect of government's scale up on the implementation of HIV/AIDS interventions by companies.

Again, a strong positive correlation between the size of a company and whether it implements any of these interventions was noted. A reason for this, the report notes, could be attributed to the fact that most of the small firm respondents tended to comment that HIV/AIDS had no effect on them in any way. This could lead to them not seeing the value of having any workplace HIV/AIDS intervention. What would be important is a follow up to gauge whether such sentiments have changed at all and if they haven't what has potentially bee the cost to the economy, the company and employees.

Another reason for this is that the report notes that a number of companies reported that they simply did not have any capacity to implement any of these interventions and therefore "... approach HIV/AIDS in bite sizes and conduct HIV/AIDS surveys and awareness campaigns as and when our cashflow allows for it". However, a possible role for government therefore exists in that it should be encouraged to investigate any ways in which it's upscaled HIV/AIDS programme can have elements of workplace interventions. In this regard, programmes can be fashioned to service small companies with interventions.

Figure 38: % of Companies Implementing HIV/AIDS programmes per size

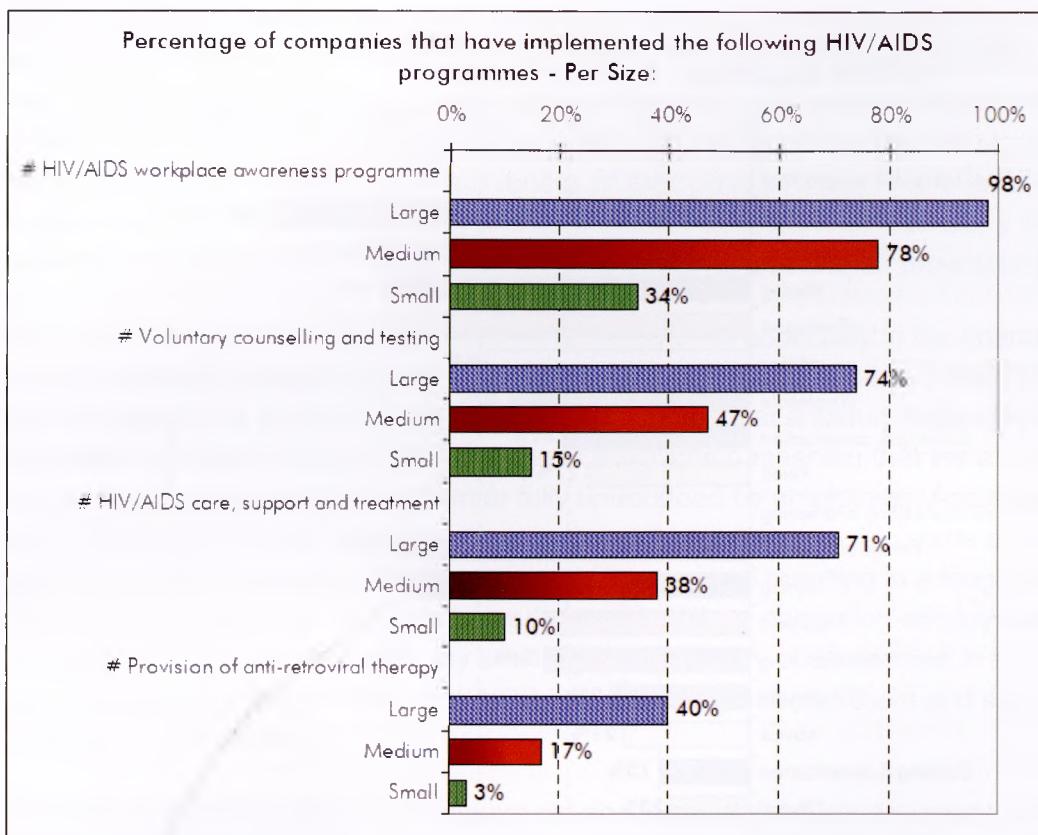
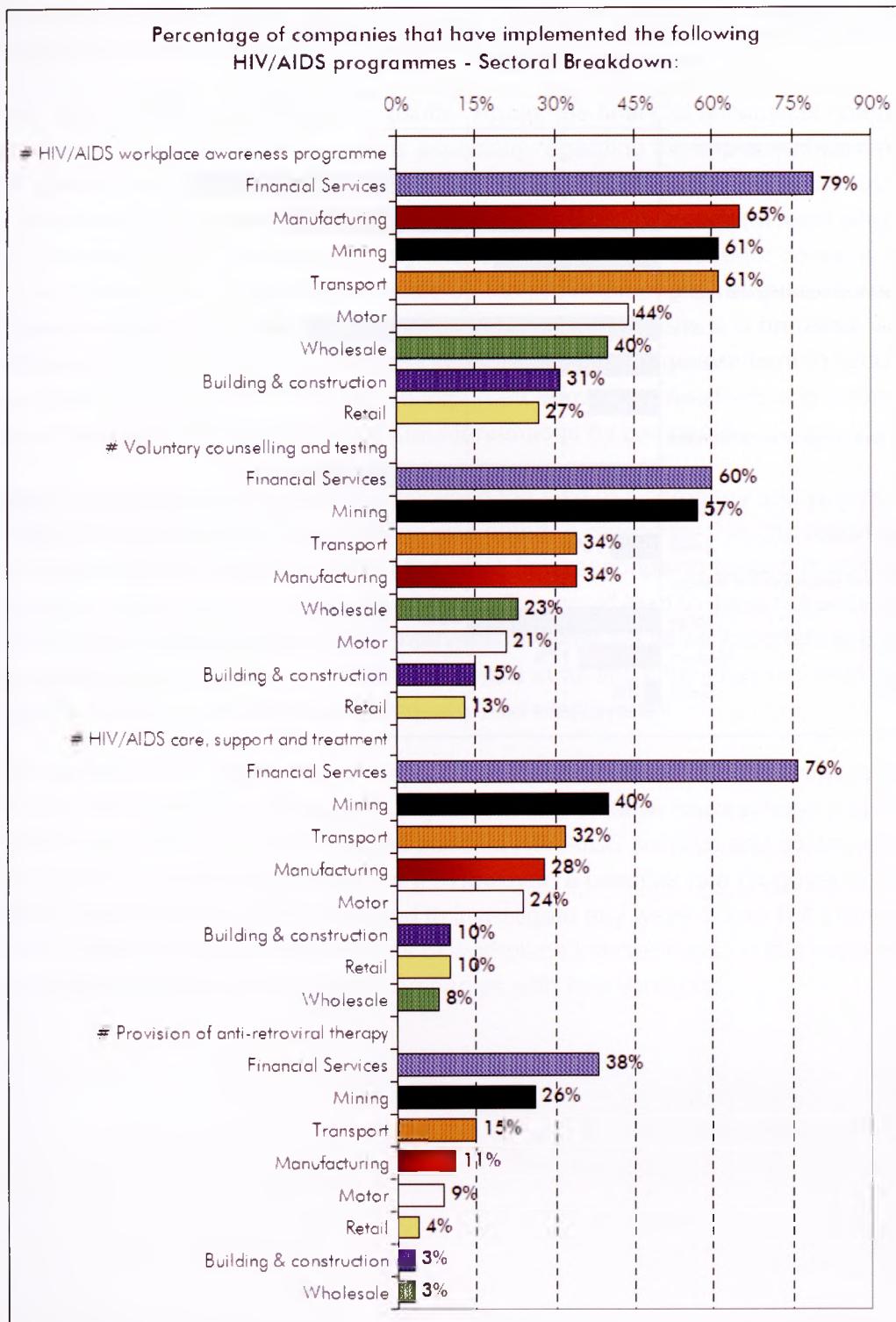
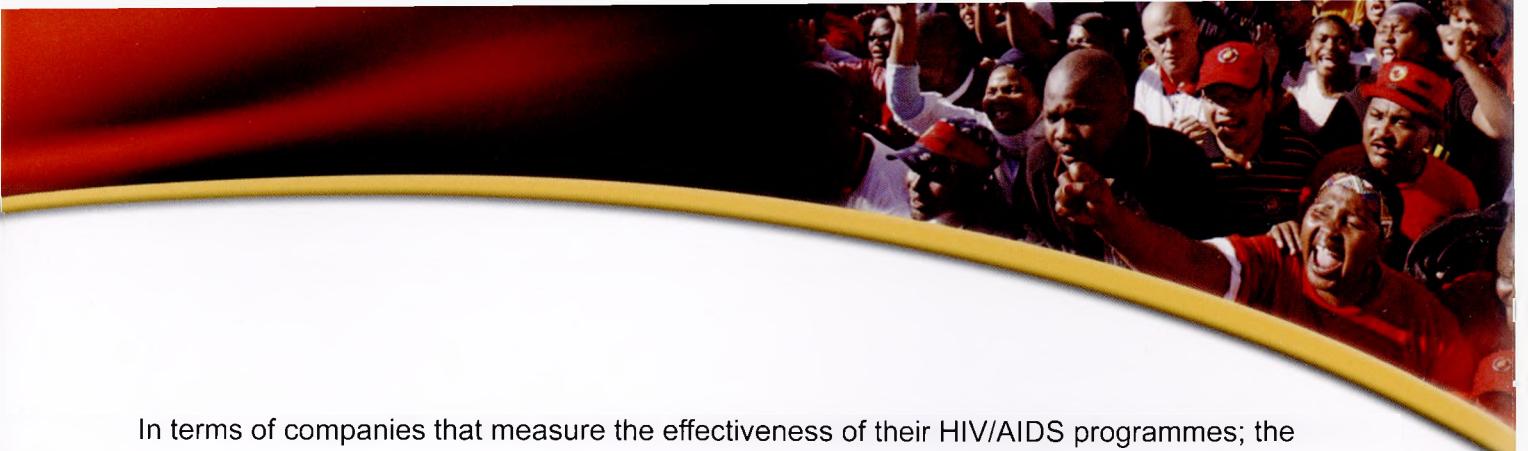


Figure 39: % of companies by Sector that have implemented HIV/AIDS programmes

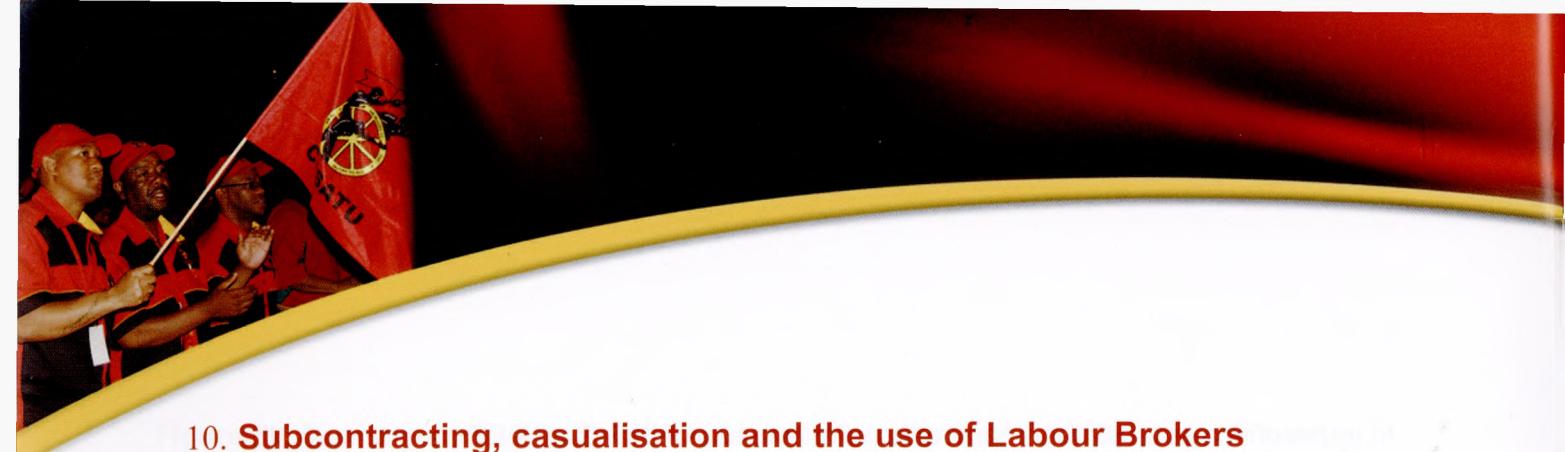




In terms of companies that measure the effectiveness of their HIV/AIDS programmes; the survey results revealed that the financial services sector companies again lead with 65% of the respondent companies reporting that they do measure the effectiveness of their programmes followed by mining (58%) transport (43%) and manufacturing (40%). With less than a quarter of retail sector respondents reporting that they measure the effectiveness of their programme, the retail sector is the sector with the least number of respondents reporting that they measure the effectiveness of their programmes. This is followed by companies in the motor and building and construction services with just over a third of the respondents reporting that they do measure the effectiveness of their programmes.

All in all, the survey results suggest that large companies especially in the financial services, mining, transport and manufacturing sector are actively putting in place HIV/AIDS workplace programmes in one form or the other. That said, it notes that a disturbingly high number of companies are yet to perform any awareness programme meaning that the existence of their interventions may not be known or fully understood by employees. Additionally noted was a tendency amongst certain companies to wait until the epidemic starts affecting their operations adversely before implementing any intervention resulting in a long time before the effects of the programme can start being felt and further endangering employees especially those in "risky" job environments. By and large, the majority of companies in all sector and all sizes reported that they felt that HIV/AIDS had adversely affected them and saw the need to implement interventions.

These survey findings are now five years old and there is definitely an urgent need to update the findings to see what has changed either for worse or for better. It is thus worthwhile for labour to engage SABCOHA to find out why an update has not taken place and see whether it is possible to undertake another study. An up to date study would be important as it would inform what the current state of affairs is, how the recession has affected trends and how the new government programme can help to fill in any gaps and tackle challenges if at all.



10. Subcontracting, casualisation and the use of Labour Brokers

10.1 Labour Market Flexibility Debate

Casual labour is an element of a flexible labour market where there is deregulation of labour market policies, industrial relations, the contractual arrangements between employers and employees and social welfare legislation. Traditionally, casual labour²⁴ referred to work conducted for defined period and during peak business period. Casual workers would be called to supplement full time workers in times of high business activity, particularly in retail. Whenever flexibility of labour market is put forward, it is conceivably necessary that it be assessed in the context of a particular country's socio-economic background; in this case South Africa. This argument is put forward by Roskam (2007, p9) where he notes the country's tremendous nature and size of unemployment figures.

On the issue of easy "hire and fire", Roskam (2007:9) highlights how in South Africa's socio-economic context of many unskilled or semi-skilled worker and her family and dependents, many of whom are unemployed, dismissal for whatever reason is a ghastly sentence²⁵. However, equal recognition must be paid to the fact that "the importance of job security is not as acute for all grades or types of employees. In the light of skills shortage in certain areas of the economy the effect of a dismissal may not be economically devastating for some employees" (Roskam, 2007, p10). See section 10.2 Extent of casualisation...

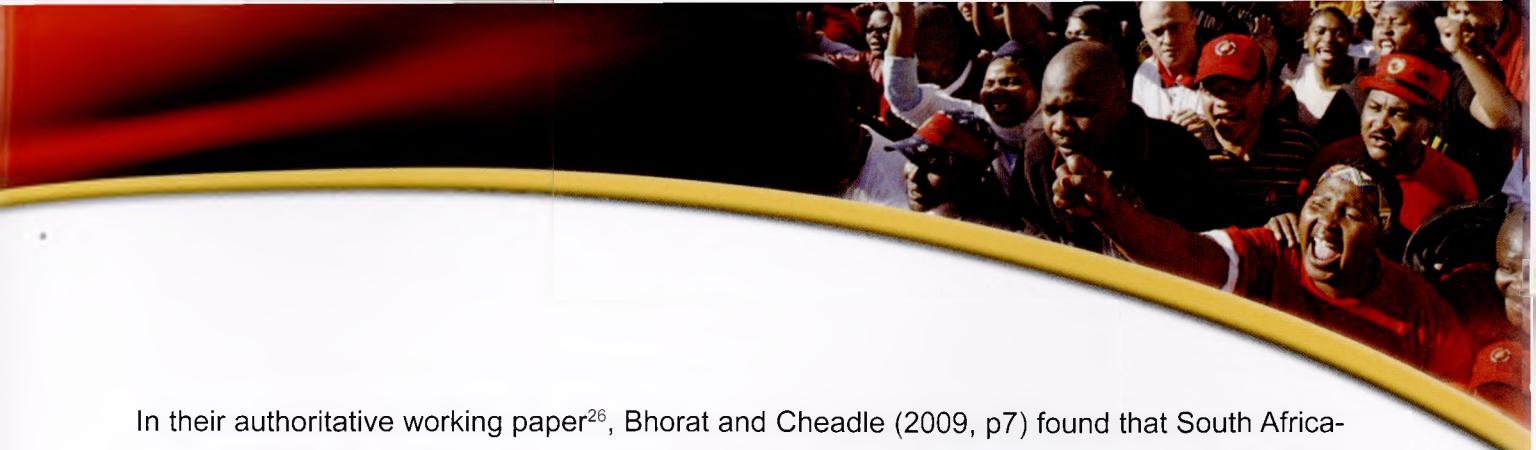
While Bhorat et al (2009:10) go as far as placing the flexibility debate within South Africa's legal and constitutional context. Bhorat et al (2009:10) argue that freedom of association and collective bargaining should not be subject to notions of 'rigidity' or 'flexibility' within a labour market because such regulation is premised on universal human rights entrenched in international law and constitutional law and accordingly as a matter of regulation capable of being removed. Bhorat et al (2009:9) conclude that in the context of assigning values to legislative provisions and stipulations, South Africa cannot in any categorical way be said to have an overly regulated or protected labour market.

Additionally, the perceived rigidity of South African labour laws could be due to different interpretations; for example, Benjamin et al (2007:19) has the World Bank accepting that some of labour costs of unfair dismissal law in South Africa arise from misinterpretations of the law. This stems from the analysis of World Banks' "Doing Business" surveys, whose indices ignore the fact that many of the real impacts of a law may be borne from the way it is interpreted or applied by functionaries such as arbitrators, judges, labour inspectors, employers, employees and trade unions, as well as professionals such as labour consultants and lawyers (Benjamin, 2007, p19).

²⁴ Part-time; temporary; contract.

²⁵ "Job security for the unskilled and semi-skilled in South Africa, with its extreme levels of poverty, is often a matter of survival." (Roskam, 2007, p9)

²⁶ "Labour Reform in South Africa: Measuring Regulation and a Synthesis of Policy Suggestions"; September 2009



In their authoritative working paper²⁶, Bhorat and Cheadle (2009, p7) found that South Africa in upper-middle income country comparative labour regulatory indices- compares quite favourably with a level of regulation that is lower than both the mean for upper-middle income countries, and for the sample countries as a whole. "For example, in the case of alternative employment contracts- ...- South Africa yields an extremely low measure of labour regulation" (Bhorat et al, 2009, p7). Even the legislative provisions for retrenching a worker yield a labour market that is fairly flexible in terms of firing costs according to the World Bank's "Cost of Doing Business, 2006" (Bhorat et al, 2009, p14).

Those in favour of increased use of casual labour, as pointed by Benjamin et al (2007, p16), fail to take into account the role of labour market regulation in requiring employers to internalize costs in order to prevent them passing harmful extra-firm costs onto society more generally. For example, "inadequate limits on the daily or weekly hours of work may lead to adverse health costs associated with excessive hours of work borne by employees and their families and society more generally, and may well have adverse economic consequences for the individual employer...likewise an employer who does not give advance notice of a proposed retrenchment may provoke strike action which has adverse economic consequences" (Benjamin et al, 2007, p16). Similarly, Mohamed (2005) argues that while individual firms may benefit from labour-market deregulation, there will be costs borne by the society. Most of these costs will fall on the poorest members of our society.

Casualisation has further had the adverse result of further segmenting the labour market and work place. According to Cheadle (2006) anecdotal evidence suggest a growing polarity between those in full time employment with the employer and those in casual employment; and there is a polarity between those employed by the employer (both full time and casual) and those employed by other employers (contractors and labour brokers). The most obvious disparity is the difference in pay and conditions of service between full time employees and casual employees in the same company. Full time employees typically belong to a union and have better pay and benefits plus working conditions. Compared to full time employees, casual employees receive lower wages and have no benefits such as medical aid, retirement. In addition, casualisation has increased the job insecurity of all workers. Permanent workers live with the fear of losing their jobs and the benefits that come with such a job. On the other hand, casual workers also live with the fear of losing their jobs and become susceptible to management pressure. The work place thus poses a hostile environment were workers fear to lose their jobs while on the other end the meagre wages earned by casual workers are not sufficient to support their families.

Bhorat et al find that (2009, p7) it is in the areas of firing, labour union power and the provision of unemployment insurance where South Africa yields measures that are higher than both the upper-middle income country mean and the estimate of the sample as a whole.



Which is not a bad as thing as argued recently by Joseph Stiglitz²⁸ (2011) that the current economic crisis showed that free and unfettered markets are neither efficient nor stable. In fact the crisis has also put to rest the long standing dogma that blame labour-market rigidity for unemployment, because countries with more flexible wages, such as the US have fared worse than northern European economies (Stiglitz, 2011). To this dilemma, strengthening collective bargaining is one of the recommendations he puts forward (Stiglitz, 2011). In closing his article, Stiglitz (2011) quotes IMF leader Dominique Strauss-Khan's monumental assertion that "Ultimately, employment and equity are building blocks of economic stability and prosperity, of political stability and peace".

10.2 Extent of casualisation and temporary employment by sector

In the South African context, according to Bodibe (2006:2) the increase in casualisation in the labour market is a subject of great controversy. Increasingly casual employees are filling positions that are permanent in nature. Behind employee vulnerability in the region is the high levels of unemployment and accompanying poverty. Poverty has bred a dangerous work environment where many desperate job seekers in the labour force are willing to take any job for survival purposes rather than dignity. In addition, the author points to the fact that the increase of casual labour has posed a significant challenge for trade unions in their pursuit to protect and advance workers' rights and foster decent work.

The following key findings on casual employment in the author's report were that:

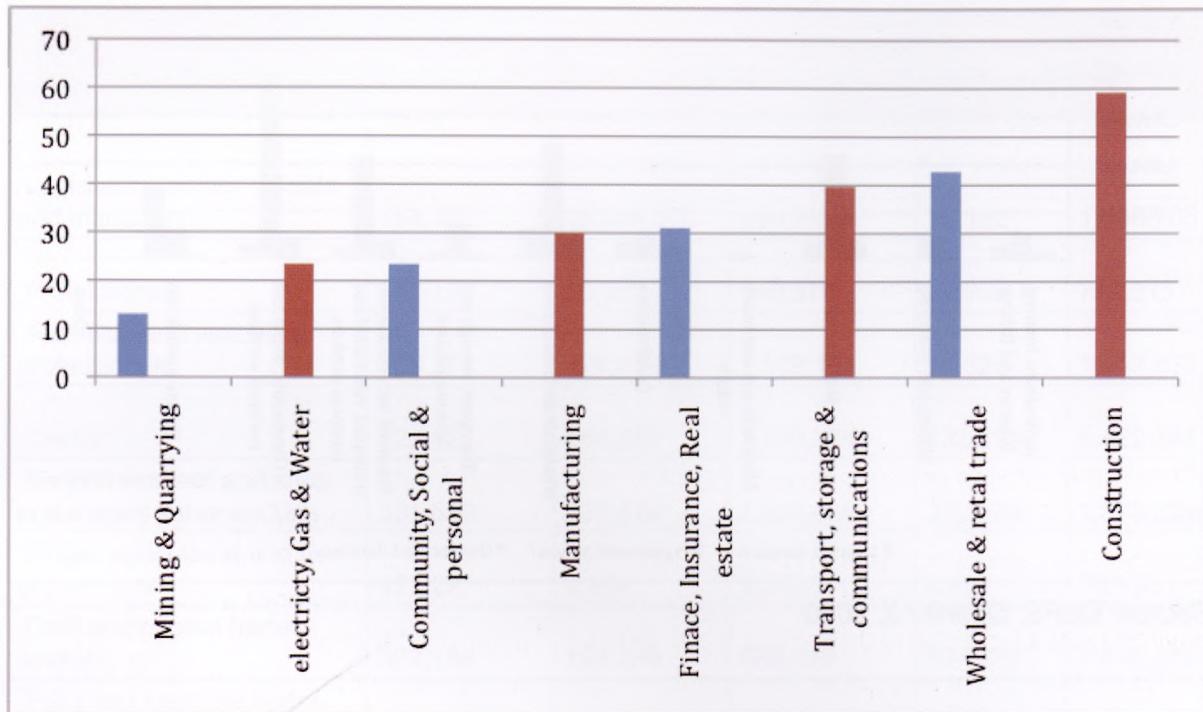
- Casual employment was on the rise yet trade union strategies and labour regulation is trailing behind.
- Casuals are thus poorly organized and fall through the cracks of both labour regulations and social protection mechanism.
- The rise of casual employment has dramatically increased insecurity in the work place
- In addition, casual employment has shifted power to the employers (Bodibe, 2006:62)

These assertions are supported by Statistics South Africa in 2008 quarterly labour force survey report which found mining and quarrying sector had the lowest proportion of casual employees and construction sector the most with close to 6 in 10 (59.2%) workers employed on a casual basis. Overall, the total proportion of casual workers, with all types forms casual work included, is approximately 33%.

²⁸ "After the crisis, a chastened IMF has emerged". J. Stiglitz. Business Day. 17 May 2011



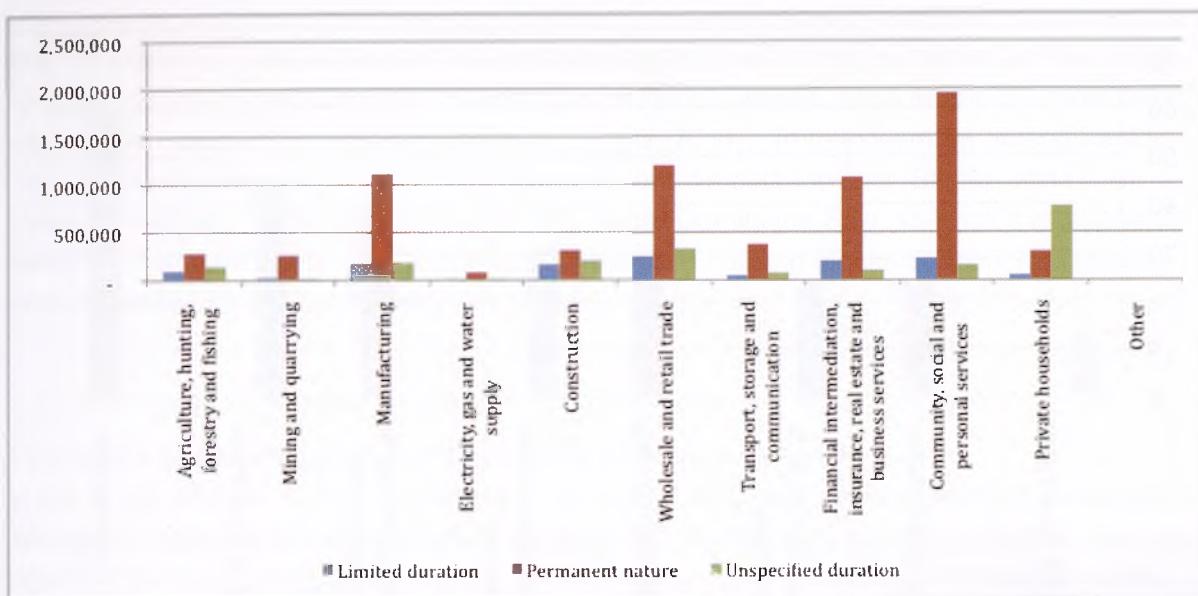
Figure 40: Proportion of Contract Employment in Total Employment by Sector



Source: QLFS, Quarter 2, 2010

More recent data provides an interesting breakdown of the nature of employment by permanent to casual. For instance, in the above figure, construction is found to have the most number of casual workers, but figure 32 show it as having more permanent forms of jobs and very low employment rate. One of the more plausible explanation is use of informal workers by smaller contractors who would "correctly" state that they have one or two employees; e.g. owner and secretary. The reason they would not even mention the use of informal labour because they would have to fulfill certain statutory obligations that are meant to protect the workers, regardless of form of employment arrangement.

Figure 41: Nature of Employment (Formal Sector including Agriculture)



Source: QLFS, Quarter 3, 2010

Put differently, the nature of employment amongst different categories of workers provides an interesting picture with jobs being more permanent in nature when they are situated higher in the job hierarchy. A fairly significant percentage of workers at domestic services, elementary occupations, plant operators and even at an artisan level are not employed on a permanent contract and are either employed on a limited duration or unspecified duration of employment.

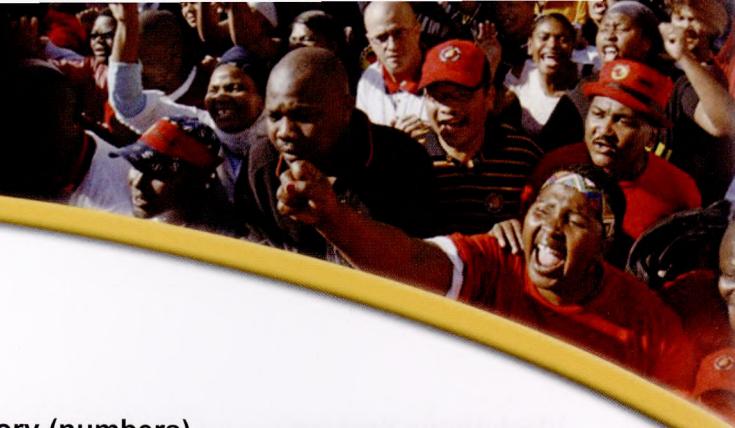


Table 10: Nature of employment by Job Category (numbers)

	Not applic- able	Limited duration	Permanent nature	Unspeci- fied dura- tion	Total
Legislators, senior officials and managers	464,458	36,867	590,279	15,102	1,106,705
Professionals	73,213	66,262	549,877	29,962	719,315
Technical and associate professionals	138,374	124,469	1,109,164	77,826	1,449,833
Clerks	32,312	154,567	1,103,274	132,195	1,422,348
Service workers and shop and market sales workers	301,659	237,474	1,020,666	310,529	1,870,329
Skilled agricultural and fishery workers	42,529	4,804	23,305	8,492	79,130
Craft and related trades workers	397,188	194,289	688,025	337,469	1,616,970
Plant and machine operators and assemblers	55,554	136,431	720,207	257,229	1,169,421
Elementary Occupation	617,751	390,565	1,059,654	751,408	2,819,377
Domestic workers	230	42,304	255,074	595,421	893,029

Source: *Quarterly Labour Force Survey, Q3, 2010*



10.3 Labour Brokers

Unfortunately there are no reliable data sets available of the true extent and coverage of labour brokers in various industries. It is estimated that close on to 3 million casual workers are employed through labour brokers in a R23 billion per annum industry. The extent of casualised labour has to be viewed and responded to similar to other socio-economic development issues as the industry predominantly employs previously disadvantaged individuals.

Two recent reports provide estimates and statistics of labour broker have been respectively deemed as the first update of labour brokers in South Africa and instructive statistics²⁹.

The first estimates are provided by the National Association of Bargaining Councils (NABC) which suggests that there are 979,539 labour broker workers in the country, significantly larger than suggested thus far. The other study by Topline Research Solutions is deemed as the most important regarding the labour broking industry using client databases provided by the Confederation of Associations in the Private Employment Sector (CAPES). The Topline survey had a sample of 29.8% of the industry made up of 110 labour brokers and 268,770 labour broker workers. This data cannot be deemed reliable for a host of reasons and do not reflect the true nature of the industry.

By far the industry is an exploitative businesses designed to circumvent labour laws and regulations.

²⁹ Facing the Facts on Labour Brokers. http://www.cbn.co.za/index.php?Page=daily&daily_id=5258

11. Levels of unionisation including research on benefits to union and non unionised workers

11.1 Union density and demographics by sector, job category, type of employment

Overall union density in South Africa remains stagnant around 31% of total formal employment. Trade union density in mining, energy and water as well as community and social services remain above 50%. Manufacturing union density continues to remain inert at 36%, while union membership in both in the agriculture and domestic sector is virtually non-existent

Figure 42: Trade Union Membership by Sector

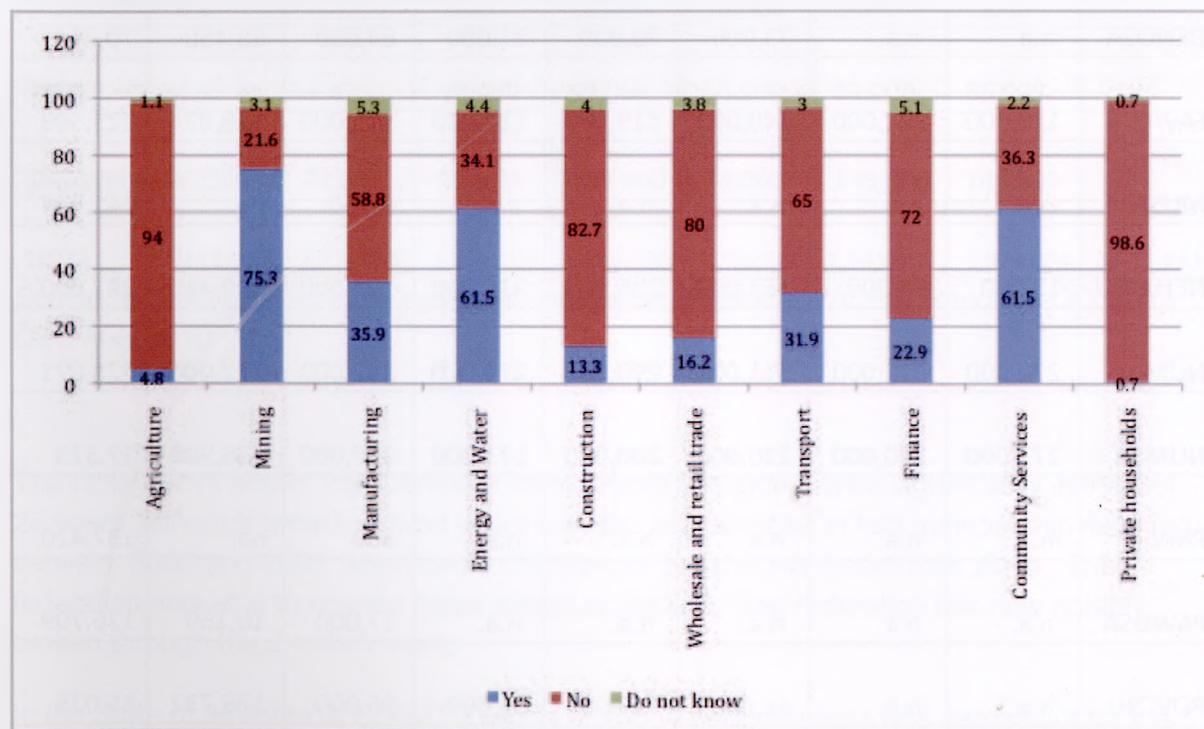
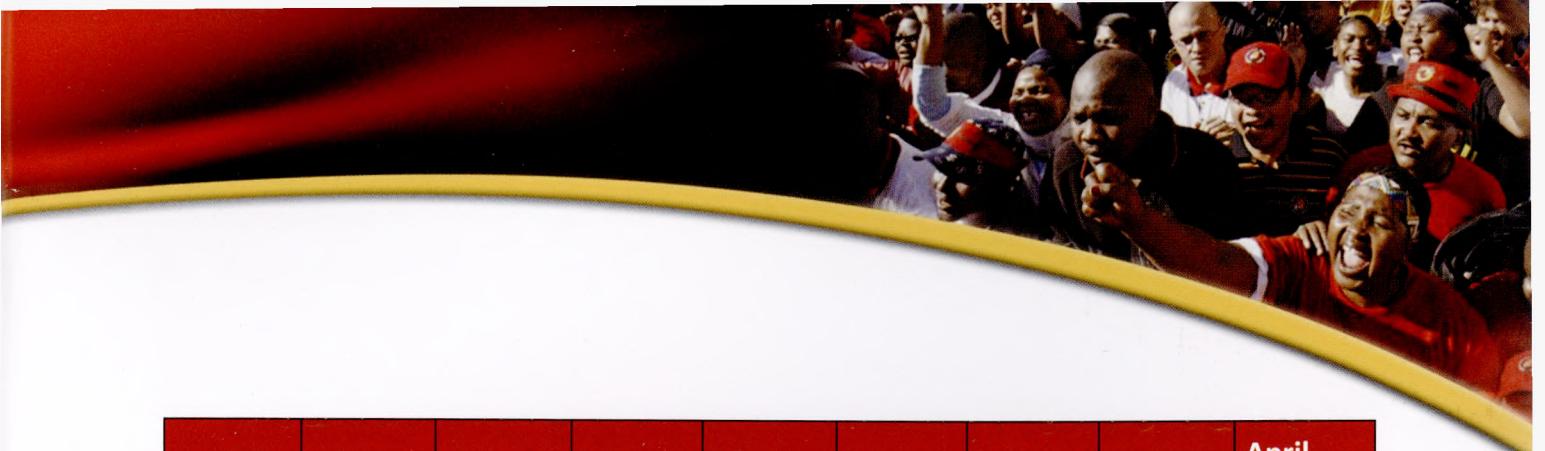


Table 11: Total Affiliate membership figures, 1991 to 2010

UNION	1991	1994	1997	2000	2003	2006	2009	April 2010
CEP-PWAWU	88,000	78,000	94,000	74,000	65,000	62,000	64,182	64,193
CWU	21,000	23,000	40,000	35,000	32,000	25,000	29,699	23,249
CWUSA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	370	-
DENOSA	n.a.	n.a.	73,000	70,000	71,000	64,000	68,450	70,274
FAWU	129,000	121,000	140,000	119,000	119,000	115,000	118,974	125,503
MUSA	n.a.	n.a.	n.a.	n.a.	n.a.	1,000	na	241,734
NEHAWU	18,000	64,000	163,000	235,000	235,000	204,000	230,445	287,000
NUM	270,000	311,000	311,000	290,000	279,000	262,000	272,000	228,071
NUMSA	273,000	170,000	220,000	200,000	173,000	217,000	236,909	17,323
PAWE	n.a.	n.a.	n.a.	n.a.	n.a.	400	na	137,420
PAWUSA	n.a.	n.a.	n.a.	n.a.	n.a.	17,000	16,169	126,799
POPCRU	n.a.	n.a.	45,000	71,000	67,000	96,000	125,732	85,025
SAA-PAWU	n.a.	n.a.	29,000	22,000	22,000	n.a.	na	8,848
SAC-CAWU	97,000	102,000	102,000	102,000	102,000	108,000	115,488	242,064
SACTWU	186,000	150,000	150,000	120,000	105,000	110,000	85,000	490
SADNU	n.a.	n.a.	n.a.	8,000	8,000	9,000	9,093	7,818
SADTU	n.a.	59,000	146,000	219,000	215,000	224,000	236,843	134,446



UNION	1991	1994	1997	2000	2003	2006	2009	April 2010
SAFPU	n.a.	n.a.	n.a.	n.a.	n.a.	1,000	472	7,213
SAMA	n.a.	n.a.	n.a.	n.a.	n.a.	5,000	7,246	66,880
SAMWU	60,000	100,000	117,000	120,000	120,000	118,000	135,906	7,428
SASFU	na	na	na	na	na	na	6,781	140,355
SASAWU	n.a.	n.a.	n.a.	18,000	18,000	9,000	7,840	
SASBO	n.a.	n.a.	70,000	63,000	63,000	61,000	66,093	
SATAWU	70,000	74,000	91,000	103,000	74,000	133,000	140,392	
TOTAL	1,212,000	1,252,000	1,791,000	1,869,000	1,768,000	1,841,400	1,974 084	2,022,133

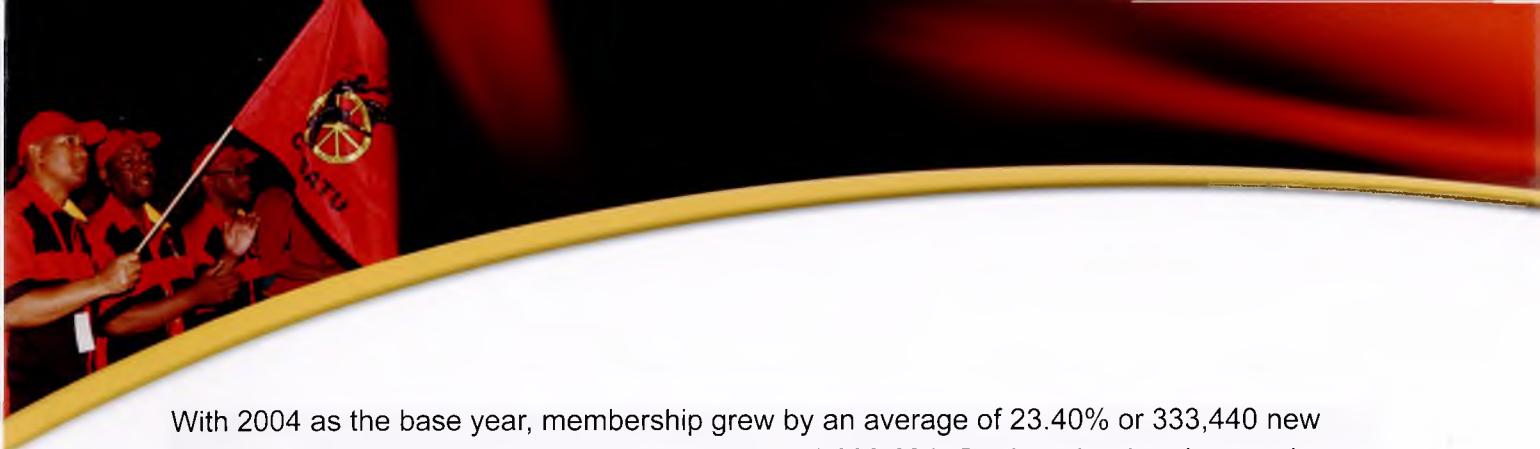
Source: COSATU Congress Organisational Report 2009 and NALEDI Report to COSATU CEC May 2010

The table above shows that COSATU membership has grown quite significantly in the last 20 years, although growth slowed down over the last decade. In fact membership declined between 2000 and 2003, when some of the most massive job losses took place. The federation was able to recover these losses by 2006/7. The federation has now notably broken through the 2 million mark.

In the State of Affiliates of COSATU report (2009), a trend analysis was carried out for the 5 year period from 2004 to 2008. The following affiliates did not provide adequate information as follows:

- SACTWU - did not provide any data for all the years
- CWU - did not provide data for 2004 and 2005
- CWUSA - did not provide data for 2004 to 2006

Notwithstanding the above, the following trends were discernable:



With 2004 as the base year, membership grew by an average of 23.40% or 333,440 new members from a membership of +/- 1,538,522 to 1,899,634. On the other hand, annual growth did not follow any discernible trend.

For the period 2006 to 2010 COSATU membership grew by 9%. The following table reflects on the top-performing affiliates that grew by 5% and above (whilst also securing significant growth in actual numbers).

Table 12: COSATU Affiliates with highest growth (2006-2010)

	2006	2009	2010	Change in numbers (2009-2010)	Change in numbers (2006-2010)	% growth (2009-2010)	% growth 2006-2010
FAWU	115 000	118 000	125 503	7 503	10 503	6.4%	8.4%
NEHAWU	204 000	232 154	241 734	9 580	37 734	4.1%	15.6%
NUM	262 000	272 000	287 000	15 000	25 000	5.5%	8.7%
NUMSA	217 000	222 814	228 071	5 257	11 071	2.4%	4.9%
POPCRU	96 000	125 732	137 420	11 688	41 420	9.3%	30.1%
SACCAWU	108 000	144 942	126 799	-18 143	18 799	-12.5%	14.8%
SADTU	224 000	238 076	242 064	3 988	18 064	1.7%	7.5%
SAMWU	118 000	135 906	134 446	-1 460	16 446	-1.1%	12.2%
SATAWU	133 000	140 392	140 355	-37	7 355	0.0%	5.2%
TOTAL (All COSATU Affiliates)	1 840 000	2 003 799	2 022 133	18 704	182 133	0.9%	9.0%

As can be seen above POPCRU performed exceedingly well both in actual numbers and in percentage growth. NEHAWU and NUM also made significant gains in actual membership growth.

It should be noted that while SACCAWU grew massively between 2006 and 2009, huge numbers were lost between 2009 and 2010 (almost half of the additional members gained in the overall period). SATAWU and SAMWU also lost members between 2009 and 2010, although there was growth in the overall period from 2006 until 2010.



12. Conclusion

The current economic crisis is on-going proof that free and unfettered markets are neither sufficient nor stable; and also put to rest the long standing dogma that blame labour market rigidity for unemployment. Besides Joseph Stiglitz' assertion that it is countries such as the US with their flexible wages that fared worse than others; other economic commentators similarly forewarn of the dangers of declining wages in many other OECD countries. Herr et al (2010: 2) point to the case of Japan suffering from deflationary tendencies for almost two decades, triggered by falling nominal wages and unit-labour costs. Thus, they predict a near certain likelihood that the US, Europe and other OECD countries will fall into a deflationary trap over the next decade (Herr et al, 2010:2). For strategic purposes; and within the context of the economic crisis; we have to dismiss the simple neoclassical approach to minimum wages with the contempt it deserves. A whole series of studies have not shown negative employment effects of even substantial minimum wage increases while some analysis even found positive employment effects (Herr et al, 2010:3).

The neoclassical paradigm has held sway over the world as rich super powers prospered at the expense politically and economically poorer countries of the world. However, the crisis presents socio-economic ammunition and political space to achieve a developmental state and achieve a reasonable minimum wage in the form of a living wage. The many socio-economic characteristics of present day South Africa places the demand for a living wage in the same agenda as that of land redistribution, economic empowerment and employment equity in the sense that it is a transformation issue.

For instance, on wage trends, we found that the average real monthly wage of workers declined by 23% from R3558 to R2744 per month or 2.6% per annum between 1995 and 2005. Given the fact that Black Africans account for 79,4% of the population; but only 41,2% of the household income and represent 93.2% of the lowest income decile. Clearly when there is a demand for a living wage; labour is essentially supporting a strong social policy which should evolve into an efficient mechanism against poverty and the erosion of incomes of the predominantly black African households (Herr et al, 2010). South Africa is a country plagued with issues of old inter-racial and newly intra-racial and gender inequalities, the living wage is one of the instruments which can control wage dispersion and reduce income inequality.

Other measures aimed at socio-economic upliftment of previously disadvantaged individuals through narrow black economic empowerment, land redistribution and affirmative action have primarily benefitted the politically connected elite and few educated black people. Thus, the implementation of a living wage must be presented as an element of a broader redistributive policy required in South Africa that shifts beyond the narrow transformative policies prevalent today.



PROGRAMME

1st Day 27 June 2011:

1. 09:00 – 10:00 Opening
2. Credentials report
3. Apologies
4. Confirmation of the minutes of the Central Committee held in 2007
5. Adoption of the agenda
6. 10:00 – 10:45 Opening and Welcome by the president of COSATU
7. 10:45 – 11:30 Message of Support by the ANC president
8. 11:30 – 12:15 Presentation of the Naledi Report
9. 12:15 – 13:00 Delegates break into commissions based on sectors to discuss Naledi report and a Living Wage Campaign
10. 13:00 – 14:00 Lunch
11. 14:00 – 19:00 Commissions continue

2nd Day 28 June 2011:

12. 09:00 – 09:45 Message of Support from the SACP
13. 09:45 – 10:15 Message of support from the ITUC General Secretary Sharan Barrow
14. 10:30 – 11:30 Presentation of the Secretariat Report
15. 11:30 – 13:00 Report back from commissions on the living wage campaign
16. 13:00 – 14:00 Lunch
17. 14:00 – 19:00 Delegates break into Commissions to discuss the secretariat report

3rd Day 29 June 2011:

18. Report Back from Commissions and adoption of resolutions based on following sessions of the secretariat report: Political, Organisational, Socio Economic and International
19. 13:00 – 14:00 Lunch
20. 14:00 – 15:00 Address by Minister of Health Dr Aaron Motsoaledi
21. 15:00 – 15:30 – Focus on Walmart - Address by Phillip Jennings General Secretary of UNI
22. Plenary Discussions
23. *Social Evening with Pops Mohammed*

4th Day 30 June 2011:

24. 09:00 – 13:00 Plenary Discussions on resolutions continues
25. 13:00 – 14:00 Lunch
26. 14:00 – 15:00 Plenary discussions on resolutions continues
27. 15:00 – 16:00 Presentation of the Declaration
28. 16:00 – 16:15 President closing remarks

Closure



COSATU

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