

**DRAFT RESOLUTIONS TO THE CENTRAL COMMITTEE
22 – 25 JUNE 1998**

In Defence of our Jobs and for Job Creation

30 MAY 1998



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Introduction

1. The 6th National Congress delegated to this Central Committee all socio-economic resolutions. The powers of this Central Committee on socio-economic issues is therefore equal to those of the National Congress. This means it can change any socio-economic policy of the federation. Once policy is adopted by the Central Committee it can only be changed by the next National Congress in the year 2000.
2. This document attempts to integrate the resolutions received from affiliates with the other policy positions of the federation as adopted at the previous policy conferences (1992 Economic Policy Conference, 1993 Health and Safety Conference, 1995 Health, Safety and Environment Conference, 1996 Living Wage Conference and May 1997 Policy Conference).
3. In addition we also used the socio-economic section of the September Commission, Secretariat Report to the 6th National Congress and Labour proposals on the Presidential Jobs Summit.
4. Where necessary we have used some of the policies adopted by the CEC and our submissions to parliament on various issues.
5. The approach outlined above was endorsed by the Central Executive Committee held on the 05-06 May 1998.
6. Only where it was absolute necessary for reasons relating to the correctness of the facts or cohesiveness of the document, the Resolutions Committee made changes to some of these policies. The Resolutions Committee changes are written in italics.
7. The section on Social Security, in particular retirement funds, State Assets Restructuring, Public Sector, Communications, Local Government, Water and Transport are all weak or in some cases have not been dealt with at all. Affiliates in discussing this document should seek to improve these sections. The Resolutions Committee will meet on the 19 June 1998. Affiliates should send their amendments to this committee so that we minimise time wastage at the Central Committee. A supplementary document shall be compiled and circulated at the Central Committee.

BROAD SOCIAL AND MACRO-ECONOMIC POLICY

1. Vision

1.1 Transforming of four sectors

Industrial development, redistribution and economic democracy should be implemented through specified transformation in different sectors of the economy. These sectors are:

- 1.1.1 The public service
- 1.1.2 The state sector
- 1.1.3 The social sector and
- 1.1.4 The private sector

1.2 The activist, developmental state

The state should act as a key economic agent. The state is the biggest employer, consumer and investor in the economy. Through fiscal and monetary policies and composition of its budget, it exerts a tremendous influence on the economy. An active, interventionist state is necessary to achieve our goals of economic development – in other words, to overcome poverty and redistribute power, wealth, income and economic opportunity from a small minority to the majority of the citizens.

1.3 Link to Socialism

There has to be a link between our Economic Policy and our vision of socialism. The programme we articulate should be socialist-oriented and should define economic policy in terms of meeting the needs of citizens and further the culture of solidarity, community and social responsibility, open up the space for economic democracy and redistribute wealth, income, assets, opportunities and power.

We envisage an economy composed of the public service, a state sector, a social sector and the transformation of the private sector into a stakeholder sector. We are therefore proposing a significant public and social ownership in the economy as distinct from private ownership.

1.4 Link to the RDP

The RDP remains the cornerstone policy of COSATU. In many respects, the vision outlined in this document is a restatement of the fundamentals of the RDP. However, the RDP is weak in describing a set of economic policies for implementing its vision. We seek to build the on RDP by outlining a coherent set of economic tools and strategies for achieving our vision.

1.5 Reclaiming Redistribution

The aim of economic development should be to overcome poverty. The fundamental goal of economic policy should be redistribution and generating economic growth. Redistributive policies should focus on three goals:

- 1.5.1 Increase productive activity** in the real economy, producing more wealth, creating more and better jobs and increasing the range and variety of economic opportunities for the citizens of South Africa.
- 1.5.2 Meet the needs of all citizens** of the country – the need for work and income, for health, shelter, education, decent childcare and provision for old age, as well as a high quality of community life.
- 1.5.3 Economic democracy** (redistribution of power) – meaning the participation of all working people in determining the conditions of their economic activity and general priorities of economic policy.

The focus of our economic policies should therefore be on:

- Industrial development
- Public service delivery and
- Economic democracy

Source: September Commission

2. Broad Macro-Economic Approach

2.1 There are a number of key areas of macroeconomic policies which should support our vision and broader employment-creation strategy, these are listed below:

- 2.1.1 Maintain and expand demand for domestically produced goods and services.
- 2.1.2 Meet increased demand through an expansion of the productive capacity of the economy, which in turn would generate new jobs.

2.1.3 Stimulate demand by lowering interest rates, pursuing redistributive fiscal policies, and developing effective strategies to boost exports.

2.1.4 Create an environment conducive to boosting productive capacity of the economy. Increase investment to ensure that increased demand can be met through domestic production, and not through greater levels of imported goods.

2.1.5 Ensure that the parameters of fiscal policy are consistent with employment creation and retention strategies. Avoid imposing rigid and rapid deficit reduction targets which limit public expenditure and infrastructural development.

Source: Labour's proposals on Jobs summit

MONETARY POLICY

Vision

1. Monetary policy is an important instrument in driving economic policies and delivery of social services. *GEAR and government's practices focusing on phasing out exchange control, high interest rates, preserving the value of the rand, and defending foreign exchange reserves will undermine productive economic activity.* There is therefore a need for monetary and interest rate policies to be *urgently refocused in a manner that promotes the primary objectives of the RDP.* Restrictive monetary policies need to be reversed in order to stimulate economic activity.
2. The state must play an active role in encouraging investment to achieve the objective of employment growth. Policies should be put in place to limit the mobility of capital and reduce the volatility in the economy due to rapid short-term capital investment.

Source: Social Equity, September Commission and Job Summit Document

Policy Proposals

1. Interest Rates

1.1 The federation reaffirms its rejection of GEAR and government's macro-economic practices which entail:

- 1.1.1 High interest rates;
- 1.1.2 Advance a one-sided approach to cutting down inflation;
- 1.1.3 Advance the mythical notion that the lack of investment in South Africa is the result of non-saving.

1.2 Interest rates should be substantially reduced. This will increase the purchasing power of consumers, facilitate the shift of capital from financial markets into productive investments, and substantially reduce the burden of public debt.

1.3 Alternative ways of addressing inflation need to be pursued through NEDLAC, and at a sectoral level.

Source: NUMSA and Social Equity

2. Exchange Controls

2.1 Serious consideration should be given to the impact which the removal of exchange controls has on outflows of resources abroad.

2.2 The state should retain and introduce adequate measures to ensure that domestic assets are deployed in the national interest.

Source: Social Equity

3 Regulation of Financial Sector

3.1 The financial sector should be restructured to facilitate the cheap financing of investment. The current statutory and regulatory requirements governing asset deployment of financial institutions should therefore be revisited.

3.2 The policy goal should be the deployment of assets in South Africa and not to move assets offshore.

3.3 We oppose the proposal of the Financial Services Board (*in 1996*) to permit movement of assets worth more than R50 billion out of the country.

3.4 The Financial Services Board needs to be restructured and its deliberations made more transparent. Labour should be fully represented on the Board.

3.5 The high costs of financial intermediation have to be reduced as they increase the cost of economic activity and impede housing development.

Source: Social Equity

4. The South African Reserve Bank

4.1 The Reserve Bank's policies should encourage cheaper credit for targeted sectors.

4.2 The Reserve Bank *Board* must be restructured and democratised to include civil society representatives.

4.3 In addition, parliament should have an oversight over the broad objectives of the Reserve Bank policies. The legislation should further be amended to ensure that parliament is in a position to play an effective oversight role over the Reserve Banks broad policies.

4.4 The legislation and section of the constitution governing the Reserve Bank should be amended in order to put in place effective mechanisms which will see to it that the Reserve Bank acts in consultation with the Minister of Finance in determining monetary policy (including targeted inflation and interest rates).

4.5 It should be clearly stated that the purpose of such consultation and oversight role should be to ensure that the monetary policy is in line with and assists in advancing overall economic and development policy.

Source: NUMSA

FISCAL POLICY

Vision, Alternative Framework and Policy

1. Set an appropriate deficit

1.1 The government should avoid binding itself to specified deficit targets without first assessing their impact on service delivery, on the ability of the state to extend services to communities previously denied them, and on the institutional capacity of the state. We reject the obsession around the deficit *reduction*.

1.2 *Reducing the deficit too quickly causes deflationary pressure on the economy and slows down economic growth and job creation. Low economic growth in turn discourages investment.*

1.3 *The achievement and setting of deficit targets should be annually reviewed.*

1.4 *The need to overcome the legacy of apartheid requires the expansion of state services and their improved quality, as well as substantial state investment in people and social and productive infrastructure. In other words, state must increase its expenditure levels.*

1.5 *The deficit should be set within a flexible band. This flexibility is particularly important in the context of the South African economy which has not reached the GDP growth rate targets set out in GEAR.*

Source: September Commission, Social Equity and NUMSA

2. Increase targeted social expenditure for the poor/ Redistributive policy

2.1 *Much of the existing budget expenditure should be redirected towards the required services and infrastructure.*

2.2 *Embark on a massive housing programme to build 300,000 houses a year, over the next three years. This is estimated to cost at least R10 billion a year.*

2.3 *Expand quality health care for all, including the unemployed. This should be completed by no later*

than the end of 1999.

3. Expand tax revenue

3.1 *Demands for a reduction in corporate taxes are based on the false assumption that South African companies actually pay high rates of tax.*

3.2 *South Africa's tax revenue as a proportion of national income is lower than comparable countries internationally. A study of relative tax levels in 70 industrialised and developing countries suggests that South Africa's tax should be increased from 25,7% of national income to 31% - an extra R25 billion at 1996 prices.*

3.3 *This means that South Africa's poor are paying higher effective tax rates than other sectors of the population, and that the lower and middle income groups bear a disproportionate share of the tax burden.*

3.4 *The revenue target should be set within a flexible band. This flexibility is necessary in view of the fact that GEAR's growth targets have not been met.*

3.5 *All citizens should be registered for tax purposes.*

3.6 *In line with government's proposal, all SMMEs which receive public contracts must be registered with the Receiver of Revenue.*

Source: September Commission, NUMSA and Social Equity

4. Introduce a progressive tax policy

4.1 COSATU believes that the tax system is still highly inequitable.

4.2 There is a need to reverse the declining contribution made by corporate taxes to tax revenue.

4.3 COSATU calls for a thorough ongoing review of the taxation system based on the following principles:

4.3.1 All taxes should be progressive (low for the poor, high for the rich);

4.3.2 Sufficient resources should be made available to ensure the efficient collection of taxes;

4.3.3 The system should allow for effective exemption for the unemployed as well as those receiving disability and social pensions;

4.3.4 The effective rate of corporate taxation needs to be increased through increasing the Secondary Tax on Companies and closing the loopholes in corporate tax.

4.3.5 Increase the top tax rate for those earning huge salaries. Individuals earnings above R200 000 annually should be taxed at a rate of 55%.

Source: NUMSA, SACTWU and Social Equity

4.4 Scrap consumer tax on basic requirements

4.1 No VAT should be payable on all basic foods, medicines, water, domestic electricity and education. This will offer effective, easily administered relief to the unemployed and to low and middle-income earners.

Source: Social Equity and SACTWU

4.5 Introduce a capital gains tax

4.5.1 A capital gains tax should be considered to deal with individuals who are able to amass a large tax-free source of wealth. Some minimum threshold should be set whereafter a capital gains tax should be applicable. Careful consideration should be given to ensuring that the capital gains tax is structured to limit opportunities for tax avoidance.

Source: Social Equity

4.6. Introduce progressive taxes such as land and wealth taxes

Source: Economic Policy Conference 1992

4.7 Introduce a luxury goods tax

4.7.1 A special excise tax should be introduced on luxury goods. This should exclude basic electronic and white goods (fridges, stoves, etc.). As electrification proceeds, more poor families will require such basic commodities.

4.7.2 We propose that the Department of Finance identify a list of such luxury goods, for submission to NEDLAC for comment.

Source: Social Equity

4.8 Tax and Pensions/Provident Funds

Option 1:

Pension and provident funds should be exempted from tax at retirement;

Source: NUMSA

Option 2:

Equal tax treatment of provident and pension funds.

Source: Social Equity

4.8.1 The Smith Commission's pension enhancement proposal for low income earners who participate in provident funds should be implemented so as to encourage savings and counteract the regressive effect of taxation on the earnings of the retirement industry.

4.8.2 Savings can be encouraged through a National Provident and Pension Fund.

4.8.3 At least half the seats on pension and provident fund boards should be occupied by elected worker representatives.

4.8.4 *As pension and provident funds payments are understood to be employees' deferred wages, employers should not have the right of access to pension and provident fund surpluses. Legislation should be amended to give effect to this.*

Source: Social Equity

5. Reduce the Government Debt Burden

5.1 Internal Debt

Option 1:

5.1.1 *Government's debt increased from R80 billion in 1989 to R337,6 billion in March 1998 which is 55% of the GDP. Two thirds of this debt was created in the 1990's and used by the NP's cruel government to finance the end of the apartheid government including paying out golden hand shakes to its generals.*

5.1.2 *Out of a total of R205 billion in government spending in the 1998/9 national budget, some R43 billion will be interest payments to service the debt. This should be compared to R88 billion to be spent for all social services.*

5.1.3 *A staggering 95.6% of this debt is made up of internal debt with foreign debt, at 4.4%. The internal debt is made up of the following:*

- *Public Investment Commissioners (mainly from public sector pension funds but includes parastatals) = 40.0%*
- *Reserve Bank = 4.1%*
- *Banks = 7.3%*
- *Insurers = 16.3%*
- *Private and Pension Funds = 4.2%*
- *Others (holdings by house holds, private business, charities) = 28.1*

5.1.4 *The current "fully funded" pension system means that the following contributions are made to the public sector pension fund each year:*

- *Government's contribution as an employer= R9 billion*
- *Public employees contribution= R4 billion*
- ***Interest payment on pension fund debt= R18 billion***
- *Total payment into the fund = R31 billion*

5.1.5 *It is estimated that pay-outs from the fund each year amount to R13 billion. This means that an additional R18 billion rands is paid into the fund as part of the "fully funded" pension system.*

5.1.6 *A pay-as-you-go system should be introduced in the public service pension fund, thereby freeing R150 billion in interest bearing debt. This would release roughly R18 billion a year which in turn will reduce the deficit by 76%. This additional money can be used for investment and to strengthen the government's capacity.*

5.1.7 *40% of government's debt of R337,6 billion consists of the public service pension fund debt, on which costly interest payments have to be made.*

5.1.8 *High interest rates are not only hurting smaller job-creating firms but also increase the government debt.*

5.1.9 The government should look critically at the internal debt repayment in terms of the period and interest rates and re-evaluate those that were used to destroy underprivileged communities.

5.1.10 *COSATU, together with the Alliance and progressive NGOs, should look at the possibility of making a call and campaign for the scrapping of the debt held by companies such as banks, in line with our call for the scrapping of the international debt.*

Source: September Commission and Social Equity

Option 2:

1. The government is not obliged to pay the debt that was not incurred by it. COSATU should, together with other sympathetic organisations and NGOs, campaign for the scrapping of **all** debt incurred by the apartheid government and have this directed towards the working class and the poor.
2. To this end, COSATU should, before the end of 1998, work with NGOs and supportive organisations to develop a programme of action for the scrapping of **all** debt.

Source: CWIU

5.2 External Debt

5.2.1 "The odious debt" (foreign debt which makes up 4.7% of the total debt) incurred by the previous government has to be reviewed.

5.2.2 The continued servicing of the national debt has socio-economic implications for South Africa, hindering its ability to address unemployment. The debt should either be scrapped or repaid on more favourable terms.

5.2.3 COSATU should actively support the international campaign against foreign debt.

5.2.4 In the short term, every one rand in five currently used to service the public debt should be allocated to RDP projects.

5.2.5 Government should investigate other sources of borrowing that would not lead to an escalation of interest rates and should also explore creating its own institutions of borrowing.

Source: SADTU, CWIU, SAMWU and NUMSA

6. Budget Process

6.1 Part of the historic commitment of the liberation movement that "The people shall govern" means that parliament – as elected representatives of the people – should be empowered to play an effective oversight role with regards to the budget.

6.2 Therefore, legislation empowering parliament to amend money bills such as the budget, should grant significant powers to parliament to increase and decrease individual department's budget votes, to introduce expenditure items into the budget and to effect changes to Bill's imposing taxes, levy's and duties.

6.3 In addition to the parliament's oversight role with regard to the budget, it is important that there be broader participation in the process of drawing up the budget. Such participation could be facilitated through discussion on the proposed budget.

6.4 The Medium Term Expenditure Framework (MTEF), its parameters and its underlying economic assumptions must be negotiated in parliament and at NEDLAC some months prior to the presentation in parliament. There is no contradiction between such an increased consultative process and parliament having ultimate oversight over the entire process.

Source: Resolutions Committee and parliamentary submissions

7. Campaign for these measures

If no serious attempt at redressing the inequities of the *fiscal policy* are made, COSATU should call for a major campaign on tax with its alliance partners and civil society bodies.

Source: NUMSA

TRADE AND INDUSTRIAL POLICY

1. Vision

1.1 For COSATU, industrial policy is not confined to promoting exports. Such a policy will have limited success. There is a need for an interventionist policy so as to build internationally competitive industries without ignoring the need to address national social and economic interests. An interventionist approach could, for example, employ taxation sticks and incentive carrots to encourage industries to invest in education and training.

1.2 The fundamental objective of industrial policy should be a significant increase in the number of quality and sustainable jobs and full employment. Other objectives should include the following:

- To lower the costs of production of basic goods and services to meet redistribution needs.
- Since South African industry will have to function in a world wide economy, our objective in relation to the world economy should be that our costs and prices should compare favourably with world costs and prices.
- To link this to a general rise in productivity that will narrow the adverse price, quality and technology gap between products manufactured on world markets and those manufactured in South Africa. This will create a wider capacity for the successful export of manufactured products and beneficiated mineral products.
- Industry must produce high quality basic goods and services at prices that are affordable to everyone.
- Industry must be capable of paying a living wage to all and have an equitable wage structure.
- Industry must contribute to the development of human resources of our society.
- Our objective in regard to trade should be policies that ensure that trade contributes to full employment and fair labour standards in all countries.
- Industry must ensure it implements environmentally sustainable policies including healthy and safe working and living conditions.

1.3 To achieve these objectives, we should negotiate and campaign at national, regional, industry and company level around the following:

- Restructuring of the economy and industries. Particular attention should be paid to:
- Labour intensive production.
- Maximising the potential for beneficiation of our natural resources.
- Ensuring sustainable growth.
- Stopping the outflow of capital
- The allocation of investment funds by government, the financial system and companies.
- The use of technology and the increased use of Research and Development.
- An appropriate tariff and trade policy.
- The setting up of a National Restructuring Fund (which should be a tripartite body) to finance the introduction of new technology and work organisation, in instances where companies are able to show expanded output and creation of new jobs.
- The passing of legislation to break-up conglomerates and monopolies where necessary in order to ensure economic efficiency and growth and to reduce their economic power.

Sources: NUMSA, Social Equity, Economic Policy Conference 1992, September Commission,

Labour Job Summit document, Parliamentary submission on industrial policy 1998.**Policy Proposals****1. Job creation**

1.1 We need to maximise the impact of those sectors which are job creating. Industries which can serve as an engine for job creation in South Africa must be identified, and such an analysis must extend beyond identifying labour intensive industries. In addition, the down-stream and up-stream linkages (e.g. between companies which supply components to the sector or distribute the product manufactured) must be identified and actively promoted.

1.2 Supply-side incentives should be explicitly linked to job creation. Supply side measures which are currently in place (e.g. those linked to export promotion or technological innovation), should be evaluated and implemented taking into account their employment-generating effects. Punitive supply-side measures can also be introduced, for example tax disincentives to job shedding.

Source: Labour submission to Job Summit

2. Export Processing Zones

2.1 COSATU remains opposed to EPZs as they downgrade labour standards. We should vigorously oppose attempts by business and government to establish EPZs.

2.2 COSATU in all regions should oppose the attempts by Provincial Governments to have EPZs as part of their economic development agenda.

2.3 COSATU should campaign for any discussions on EPZs to be part of the NEDLAC agenda; provinces should not have the right to form EPZs. Workers, shop stewards and the public should be informed about the dangers of having EPZs.

Source: SACTWU

3. Spatial Development Initiatives (SDIs) and Industrial Development Zones (IDZs)

3.1 With regard to existing investment incentive schemes such as tax holidays and proposed schemes such as the Industrial Development Zones, mechanisms must be put into place to ensure that new investments do not have the effect of displacing the jobs of currently employed people without creating additional jobs. If the effect of these schemes is merely to displace those presently in employment as enterprises are unable to compete with new, subsidised (the effect of not having to pay tax) enterprises, then there will be no positive net job creation, only an unnecessary decline in tax revenue and increased pressure on the budget deficit. In instances where IDZ or spatial development initiatives encourage capital intensive projects, this should only be permitted on the basis of clearly specified projections of up-stream and down-stream job creation and measures to realise these projections. Monitoring mechanisms must be put into place to see to it that these projections are indeed met.

3.2 In engaging those who propagate the concept, the following principles should underpin our engagement:

- Community participation in the project development
- Capacity building as it relates to human resource development and training programmes.
- Diversification of investment to avoid possible failures.
- Backward and forward linkages to stimulate local and regional industries to such zones.
- Guaranteed labour standards
- RDP-based development.
- Department of Trade and Industry proposals that Industrial Development Zones focus primarily on export promotion should be reconsidered. There may be numerous benefits which would flow from focussing aspects of IDZ activity on the expansion of production for the domestic and broader Southern African market.

Source: NUMSA, Parliamentary submission on industrial policy 1998, Labour submission to Job Summit

4. Black Business and Small, Medium, and Micro Enterprises (SMMEs)

4.1 Government should provide incentives to SMMEs but not at the expense of workers.

4.2 SMMEs should be used as a tool for collective empowerment instead of self-enrichment.

Source: NUMSA

4.3 To campaign that any special affirmative action for black business must be linked to respect for workers rights.

4.4 COSATU should meet with black business organisations to discuss the implementation of fair and progressive labour practices and policies.

Source: SACTWU**5. Cluster studies**

5.1 A process with potential for union influence is the cluster study/development process co-ordinated by DTI, NEDLAC, DBSA, and IDC.

5.2 Cluster studies should be needs driven and linked to RDP initiatives, for example, housing delivery programme (finished product determine the establishment of clusters).

5.3 We reject the notion of export-driven studies. [NUMSA to clarify]

5.4 All affiliates must make it a priority to participate proactively in this process.

5.5 Our participation in the cluster studies should be to defend the interest of workers, particularly changes to work organisation.

5.6 Affiliates in a sector should meet with the head of the DTI sectoral bureau for that sector, to discuss plans and processes for sectoral industrial strategy.

5.7 Through such involvement, the industrial policy team can start to think about an 'industry plan' for its sectors or sub-sectors.

5.8 Such an industry plan should include a component on a strategic trade policy (including appropriate tariff policies) to foster sectoral growth.

5.9 COSATU should secure funding (from IDC, DTI, Fund for Research into Industrial Development, Growth, and Equity (FRIDGE)) for training and capacity building for union representatives participating in these structures.

5.10 COSATU and affiliates should develop report-back and mandating mechanisms throughout these processes.

Sources: September Commission, NUMSA**6. Pricing of raw materials**

6.1 The high price of raw materials is a major restriction on the ability of higher value added industries to become internationally competitive, e.g. Iscor's steel.

6.2 Government can change this both through its ownership (through IDC) and policy approaches such as:

- Import/export controls on strategic materials (energy, steel etc.),
- Costs and efficiency of transport (rail, road and shipping policy) and communications,
- The use of environmental and design regulations,
- Exploration permits and mineral and energy policy,

6.3 Infrastructure development will have a major positive impact on both basic living conditions and foreign exchange earning industries, particularly tourism.

6.4 Government's interventions should be biased towards meeting of the basic needs of our people.

Source: NUMSA**7. Local content**

7.1 An industrial policy must have a local content provision in the final product.

7.2 We reject the current relaxation of local content provision as it has led to the collapse of the white goods sector and the envisaged telecommunications agreement with American Technology and

Telecommunications (AT&T).

Source: NUMSA

8. Investment

8.1 Investment code

8.1.1 An Investment Code should be implemented which requires prospective investors to:

- Invest in boosting the productive capacity of the economy.
- Invest in labour intensive sectors that create jobs.
- Emphasise training and skill development.
- Abide by all ILO conventions on minimum standards.
- Abide by social and labour laws and regulations of South Africa as a minimum, and actively implement improvements to these. Where companies operate in decentralised areas, they will need to abide by national social and labour standards.
- Disclose information.

8.1.2 Employment creation:

- Companies will endeavour to increase employment opportunities as a priority in harmony with national social development policies. They will use technologies which generate employment, both directly and indirectly.

8.1.3 Equality of Opportunity and Treatment:

- Companies shall pursue policies designed to promote equality of opportunity and treatment in employment, with a view to eliminating any discrimination based on race, colour, gender, sexual orientation, religion, political opinion, national or social origin, physical disability or handicap. They shall also implement affirmative action programmes to redress the effects of past discrimination and the legacy of apartheid.

8.1.4 Security of Employment:

- Companies should promote security of employment.

8.1.5 Adult Basic Education and Training (ABET):

- Companies should ensure that relevant training is provided for all levels of employees within a national framework. Adult Basic Education and Training (ABET) should meet the needs of people and be in the interests of the country. All technology change or progress should be linked to training. ABET should be negotiated with trade unions.

8.1.6 Occupational and Environmental Health and Safety:

Companies must agree to:

- Maintain the highest standards.
- Negotiate health, safety and environment agreements with the trade unions.
- Permit no dumping of toxic waste.
- Implement an environmentally sustainable development policy.
- Take responsibility for environmental damage to the community.

8.1.7 Science and Technology:

Companies must agree to:

- Permit rapid diffusion of technologies.
- Grant technology licences on reasonable terms and conditions.
- Run training programmes to keep employees and the community abreast of technological developments.
- Negotiate science and technology policy with trade unions.

8.1.8 Conditions of Work and Life:

- Conditions of work and life offered by the company shall be not less favourable than those offered to employees in the company's country of origin.

- Companies shall adopt measures to ensure that lower income groups and less developed areas benefit as much as possible.

8.1.9 Worker and Union Rights:

- Workers shall have the right to organise their own independent trade unions and the companies shall in no way oppose the unionisation of their workforce.

8.1.10 Companies must agree to:

- Negotiate at company, plant, industry level and any other level agreed with the representative trade union.
- The right of access to company premises for trade union officials.
- Provide facilities for trade union meetings and balloting.
- Guarantee shop steward rights.
- Recognise the right to strike without dismissal, including the right to picket peacefully on company premises, no employment of strike breakers, no retaliatory lock outs or interdicts against strikers.

8.1.11 Corporate Social Responsibility:

- Companies should agree that corporate social responsibility programmes will be instituted in conjunction with trade unions and the community affected. Such programmes to be designed to build self reliance.

8.1.12 Disinvestment and relocation:

- Should companies decide to disinvest they should do so in accordance with an agreed on disinvestment procedure.

Sources: NUMSA and Economic Policy Conference 1992

8.2 General Investment Policy

8.2.1 Some key policies which can boost productive investment and encourage employment creation are:

- Expanding the production of infrastructure and public investment in the economy.
- Lowering interest rates, which can have a substantial impact on investment in an economy.
- Create a stable economic environment. This must not, however, require pursuing highly restrictive macro-economic policies or a repressive labour relations regime.
- Give women access to financial resources. Develop small-scale lending programmes to ensure that women can access financial resources.
- Establish capital controls. Discourage unproductive, speculative investment and limit damaging capital outflows. Use measures such as exchange controls, taxes on speculative investments, and short-term capital gains taxes.
- Focus on parastatals as key investors.
- Financing and credit relationships between finance and industry must be reformed with an aim to building relationships which promote job creation. Directed credit and differential interest rates could be used to help foster such changes.
- Prescribed assets and control over pension funds. Implement a policy of prescribed assets to channel investment funds into job-creating opportunities. Local investment socio-economic upliftment programmes should be prescribed through 5 % of retirement funds.
- There should be increased investment in research and development, co-ordinated with research institutions.
- COSATU should lobby government to conduct an in-depth investigation of the financial sector and how to ensure channelling of financial resources into industrial development.

Source: Labour Job Summit document, NUMSA, Parliamentary submission on industrial policy 1998, September Commission.

8.3 Multilateral Agreement on Investments (MAI)

8.3.1 The Multilateral Agreement on Investments (MAI), which originated in the Organisation of Economic Development (OECD) and may soon be part of the agenda of the World Trade Organisation (WTO), is designed to further strengthen the power of transnational corporations throughout the world. It poses a grave threat to the ability of nation-states to serve their citizens, and can further relegate the status of developing countries to that of "wholly owned subsidiaries" of the TNCs.

8.3.2 MAI represents a single most serious threat to the sovereignty of independent nations. Its provisions amount to an international bill of rights for multinational corporations.

8.3.3 COSATU should join the growing international campaign against the MAI

8.3.4 Government should be urged to use its upcoming chairpersonship of the Non-Aligned Movement (NAM) to mobilise further opposition to the MAI, and to support the view that an entirely new investor agreement be negotiated, with full participation from developing countries and civil society.

Source: Resolutions Committee

8.4 Role of IDC

8.4.1 Job creation should be the primary mandate of the IDC.

8.4.2 The IDC needs to be re-oriented from its focus on capital intensive mega-projects to incorporate labour intensive projects as well

8.4.3 In addition to the allocation of funds from the investment portfolio of the IDC, the full pre-tax profit of the IDC should be applied to job creation ventures.

8.4.4 Private sector investments in partnership with the IDC should be required to invest in job-creating investments.

Sources: Social Equity, NUMSA

9. Competition Policy

9.1 There is a need for far reaching changes to the corporate structure in South Africa.

9.2 Competition policy needs to form part of a broader industrial strategy.

9.3 Competition Policy should be informed by the following objectives:

- To reduce concentrations of power which enable a handful of individuals to wield undue influence.
- To see to it that workers' interests are taken into account, in particular potential for job loss must be an important criteria in the regulation of mergers and acquisitions.
- To ensure "fair" pricing, in particular for basic goods.
- To move towards worker ownership and control.
- To enable the state to intervene decisively in regulating enterprise structure and conduct in the public interest, and
- To facilitate, as part of a coherent industrial strategy, the production of surplus and its distribution in such a way that the economy develops and grows.

9.4 Any competition policy should not lead to job losses, down-grading of labour standards and deterioration of social welfare.

9.5 We support the forced unbundling of apartheid-era conglomerates where this is in the public interest on the basis of their over-concentration of particular markets. Further the potential should exist for forced divestiture to be triggered as soon as large firms abuse their dominance.

9.6 We support the inclusion of a regulated Ministerial discretion in regulating mergers in the public interest in order to avoid job loss and to protect domestic industry from predatory activity by Multi National Corporations operating in the global economy.

Sources: Social Equity, NUMSA, Labour submission on Competition Policy, April 1998 CEC

10. State procurement policy

10.1 State Procurement Policy needs to comply with the following conditions:

- The policies must not be used to keep firms alive which fail to meet minimum standards;
- Policies must be transparent so that corruption can be minimised;
- Establishing competitive relations between firms may not be the most effective policy;
- Decisions should not be made simply on the basis of the goods or services supplied, but also the production process etc.; production of labour intensive goods should be prioritised e.g. through prioritising labour intensive production;
- Centralised purchasing can only be relaxed after basic standards have been achieved;
- The establishment of national markets should not be jeopardised by misguided regional, local or agency devolution;
- Assistance should be provided for new or innovative firms which are considering tendering;
- Preference should be granted to those companies which are expanding production for both the domestic and export market.

- Purchasing policy should be tied to research and development efforts.

10.2 A Workers Rights Index should be developed, and companies tendering for public contracts should be required to report on compliance with the standards in the index. These standards should include the following core areas:

- No employment of scab labour during legal strikes
- Participation in centralised bargaining institutions where these exist
- Contribution of 4% of payroll towards training programmes agreed to with the trade union movement.

10.3 The WTO is currently discussing neutralising these procedures as instruments for fostering domestic industry. The government should remain a non-signatory to the WTO's Procurement Policy so as to avoid parastatals e.g. Eskom, Telkom, purchasing equipment abroad.

10.4 COSATU should lobby government to take a stronger stand against the WTO Procurement Policy at WTO debates. The government should ensure that there is tighter coordination on these matters with the third world countries (developing and underdeveloped) to build a uniform stance against these unfair provisions pushed by some of the powerful developed countries.

10.5 The government should also reject the OECD's proposed Multi-lateral Agreement on Investment (MAI) so as to encourage expansion of domestic production and to avoid obligations where government and parastatals will be required to purchase equipment from abroad. Further, on the basis of procurement policies and in the furtherance of other objectives, government should campaign against the proposed MAI and the proposed US Growth and Opportunity Bill in line with a policy of working towards a transformed WTO and other multi-lateral global institutions.

Sources: NUMSA, Social Equity, September Commission, Parliamentary submission on industrial policy 1998.

11 Tariff reduction and trade barriers

11.1 Tariff reduction without supporting policies in affected sectors leads to job losses.

11.2 An immediate moratorium on any further reductions should be imposed, particularly for those sectors that are geared towards the support of the RDP.

11.3 Tariffs should not be reduced at a rate faster than that required by our obligations to the World Trade Organisation; We object to government's tariff reduction faster than its own obligations in terms of GATT.

11.4 Where South Africa has lowered individual tariff rates to below GATT commitments and these have resulted in job losses, these must be increased up to the GATT binding rate.

11.5 Tariff reduction should be preceded by active industrial policies to promote competitiveness;

11.6 An audit of the effects of tariff reductions on particular sectors or industries must be carried out under a tripartite forum funded by the IDC. This forum would also make proposals to renegotiate the agreement with the WTO as well as assess the impacts of foreign policy on trade agreements.

11.7 The Social Plan with its social adjustment packages should be implemented at sectoral level, especially in those industries facing tariff reductions and downscaling. Concrete social adjustment programmes to transfer workers into new jobs must be introduced if tariff reduction leads to retrenchments;

11.8 Government should use tariffs strategically, reducing them to improve competitiveness, but also increasing them to protect jobs and promote industrial development.

Sources: NUMSA, Social Equity, Labour submission to Job Summit

12 Customs and Excise

12.1 We are experiencing job losses through illegal goods entering our markets and the dumping of goods on our markets.

12.2 Customs and excise institutions are still managed by corrupt officials from the old guard. They need to be reformed, including:

12.2.1 Changes to reflect the population and conform to the needs of our economy.

12.2.2 Increasing the resources at ports of entry, computerising all ports of entry, and

ensuring that information is provided on a timely basis;

12.2.3 Establishing the norm of a minimum of 5% of all consignments being checked and specifically applying this target to each employment-sensitive sector;

12.2.4 Providing for product-dedicated ports of entry;

12.2.5 Beefing up the invoice analysis auditing programme;

12.2.6 Providing effective control over exports of goods subject to incentives;

12.2.7 Setting up resourced border posts with the BLNS (Botswana, Lesotho, Namibia, Swaziland) countries;

12.2.8 Increasing the number of inspectorate posts and the rate of container inspections;

12.2.9 Increasing the quantum and flexibility of remuneration packages for technically skilled customs staff;

12.2.10 Rotating customs staff between different posts;

12.2.11 Utilising private sector technical assistance for customs related activities;

12.2.12 Increasing and publicising rewards for information leading to successful prosecutions;

12.2.13 Raiding the warehouses of suspects and publicising the names of companies found guilty of fraudulent customs and clearance transactions;

12.2.14 The replacement of corrupt officials and a monitoring structure with labour representatives must be established;

12.2.15 Structures in government e.g. Board of Tariffs and Trade must be strengthened to ensure proper monitoring of dumping and reporting to the WTO to ensure that it does not take place.

Sources: NUMSA, SACTWU, Social Equity

13. Trade

13.1 An active trade policy should specifically target incentives, and supply-side measures, e.g. skills training to those industries that create jobs directly, or either up-or-down stream of the targeted industry.

13.2 Both import substitution and export promotion should be pursued. Production for the export market tends to be less labour intensive and therefore creates fewer jobs than production for the domestic market. Import substitution will also stimulate the domestic production of intermediate (inputs used in the production of final goods) and capital goods (machinery) which will also have large employment effects.

13.3 Expansion through import-substitution operates through reducing the propensity to import, reducing leakages from the domestic economy. The objective of such an expansion in an underemployed economy is to reduce the propensity to import competitive goods. Specific strategic sectors must be targeted for a concerted programme of import substitution. The chief criterion in selecting these sectors must be their ability to generate sustainable employment.

13.4 Any anti-import substitution bias which may be prevalent in existing industrial policy measures should be worked out of the system. In addition to encouraging domestic production and expanding the domestic market as more people are drawn into employment, a carefully managed import substitution strategy can have the benefit of improving the balance of trade and taking pressure off the balance of payments.

13.5 Unfairly subsidised imports into South Africa should be stopped. We should make increased usage of anti-dumping and safeguard duties. It is crucial that safeguard duties take national interests into account. Job losses resulting from a sudden increases in imports should be prioritised when implementing safeguard duties to protect the domestic industry.

13.6 Rules of origin provisions should be implemented. In the event of SADC becoming a free trade area, which would allow for the free movement of goods across borders, one way to protect South African industries and develop the economies of SADC countries would be the impose rules of origin. This would mean that countries have to prove that the goods they are exporting consist of, for example, 25%, 50% etc. of domestic production.

13.7 A social clause should be implemented. This would serve to discourage countries from competing on the basis of labour repression, exploitation and poor or non-existent health and safety standards. A number of SADC countries are already using such strategies to improve competitiveness. Malawi, Mauritius, Mozambique, Namibia and Zimbabwe already host or are in the process of establishing EPZs.

13.8 It should be a mandatory pre-requisite that 'employment impact assessments' should be carried out and published before South Africa can bind itself to any trade agreements.

13.9 We seek representation for the trade union movement in the international trade negotiations, including direct representation of labour on the negotiating committees concluding bilateral and multilateral trade deals.

13.10 Parliament should be given an effective overseeing role on trade negotiations.

Sources: Parliamentary submission on industrial policy 1998, Social Equity, Labour submission to Job Summit

14 Southern African Region

14.1 Growth in South Africa without growth in Southern Africa would be counter productive to all. The poverty in the surrounding countries would rapidly undermine progress in SA whilst at the same time denying our economy a viable market closest to its borders. South Africa's economy and particularly its labour market are impossible to separate from the Southern African region. South Africa enjoys a substantial trade surplus with the SADC and SACU countries. If such a trend continues we are likely to destroy the regions' industries. This will be to the detriment of our own industries as they will no longer be able to pay for South African imports.

14.2 In developing sectoral industry policies we should be conscious of the potential for co-operative development, particularly in those industries that our cost structure cannot sustain. Japan's use of its Asian neighbours represents a useful, if not always savoury, model of this process. For COSATU this means a greater emphasis on our international activity in our region.

14.3 A regional reconstruction and development plan for southern Africa must be developed through a regional summit of governments and trade unions.

14.4 The South African government needs to initiate a process to negotiate a set of minimum standards to be established across the whole region. COSATU should support the struggle for decent labour standards in all countries in the region.

14.5 To achieve general growth and development for the whole sub-continent requires mutually beneficial agreements to be reached between the countries concerned. Such co-operation should be underpinned by solidarity between trade unions in the sub-continent.

14.6 COSATU should propose a Regional Development Bank.

14.7 South Africa needs to play an active part in the development of the Southern African economies through the collective action of public enterprises (e.g. transport, utilities) to increase regional economic growth. COSATU should support a programme of infrastructural development projects, especially those which link two or more countries of the region, such as the Maputo corridor, based on clearly defined criteria.

14.8 A regional trade union solidarity fund, with R20 million a year made available by government for programmes by the labour movement in the region should be set up.

14.9 COSATU affiliates should establish firm links with their counterpart unions in the region, with the aim of analysing the problems in their sectors and developing ideas about how their industries could be developed in a mutually beneficial way across countries. Affiliates should establish cross-regional company shop steward councils to build solidarity. COSATU should also assist unions in the region to develop their organisational, research and educational capacities.

Sources: NUMSA, Economic Policy Conference 1992, Social Equity, September Commission

15. Institutional transformation

15.1 COSATU needs to develop a consistent strategy in relation to the IDC, the DBSA, NPI, the Land Bank and NOSA. The federation should initiate discussions with the relevant ministries (Trade and Industry, Finance, Labour, Agriculture) and the institutions themselves about their restructuring (or in the case of NPI and NOSA, their possible closure) and labour representation on their boards.

15.2 The IDC Board should be restructured and contain nominees from labour.

15.3 The Board of the IDC should be required to publicly report on a six monthly basis on the impact on employment, and the net number of direct jobs created, by its investment and technical assistance policies.

15.4 The resourcing of the IDC and DBSA should be guided by their success in fostering labour intensity and employment creation.

15.5 The Board of Directors of the DBSA should include trade union representatives, particularly municipal trade unions such as SAMWU.

15.6 Researchers should be seconded to the DBSA, joint projects could be explored and the DBSA should be accountable to NEDLAC as well as parliament.

15.7 CSIR resources as well as public funding for research and development should be directed to labour-absorbing sectors and processes.

15.8 The state tender board needs to be restructured and an immediate commission of enquiry to investigate contracts that have been awarded. If any government employee is found to be guilty of colluding with parties to get the tender, she/he should be criminally charged. Laws should be passed to enable this to take place.

15.9 Representation in the provincial tender boards should be based on the same model used in the national State Tender Board.

Sources: September Commission

16 Capacity building

16.1 COSATU must develop greater capacity to co-ordinate policy formation and engagement on industrial development issues. COSATU should concentrate on co-ordinating and building the NEDLAC team in the trade and industry chamber and the parliamentary office's interventions on industrial policy issues, as well as supporting affiliates which are engaged in specific Campaigns over industrial development issues.

16.2 Resources must be made available at NEDLAC to develop the capacity of labour to engage more effectively in industrial policy development in the Trade and Industry Chamber, including through the employment of labour researchers in this area.

16.3 Every affiliate should establish its own industrial policy department or team, to develop industrial policy, participate in COSATU industrial policy processes, and engage with employers, NEDLAC and government. COSATU and affiliates should develop industrial policy teams to drive the development of policy in each sector. This would require demarcation of various sectors, and co-operation between relevant affiliates, e.g. in the energy sector. These sectoral teams should cover industrial development both in the public and private sectors.

16.4 NALEDI should establish an industrial development research capacity. This could provide research and policy support to COSATU and affiliates. In addition, we recommend that NALEDI convene an industrial policy reference group consisting of trade unionists – from affiliates and COSATU involved in industrial policy, to collectively develop strategies and Guide research. COSATU should consider a longer-term research project, housed in NALEDI, to assess industrial development strategies, based on an evaluation of international comparative experience, with a view to developing a vision for long-term industrial development in South Africa.

Sources: September Commission

17. Fisheries – no further work done

17.1 COSATU rejects the White Paper on sea fisheries policy produced by the Department of Environment Affairs.

17.2 COSATU will work with the Alliance and international bodies, in particular the International Transport Federation, in developing a progressive policy that will address the RDP principles and recommendations raised by the International Development Research Centre.

17.3 COSATU accepts the critique discussion document produced by FAWU as the framework document to develop its submission to government's White Papers on the fisheries.

17.4 Amnesty should be addressed as matter of priority even before the finalisation of the debates on the

White Paper.

17.5 The following should be our programme of action:

17.6 A meeting of the Alliance to reach consensus on a common vision, policy and a way forward.

17.7 Develop a comprehensive fisheries policy.

17.8 Engage Minister Pallo Jordan, the ANC study group and the parliamentary committee on the policy.

Source: FAWU

18. Food Security – No further work done

18.1 COSATU should establish a task-team to develop a food security policy proposal that is in line with the broad principles as contained in the RDP and in line with the vision of "a better life for all".

18.2 This food security policy proposal shall contain as its other central theme the establishment of a social security net that ensures that no one goes hungry and will revive schemes such as school feeding schemes.

18.3 That the living wage demand and campaign serve as the basis for an approach to food security issues that will ensure that the buying power of disposable/real wage on food products is increased.

18.4 Legislation should be put in place to ensure that companies are forced to donate perishable and other food items instead of dumping these as part of their strategy to restore the price of these products.

18.5 COSATU should meaningfully engage the Tripartite Alliance and attempt to secure an Alliance policy position on food security. COSATU should also engage other organs of civil society that broadly belong to the democratic movement.

18.6 COSATU should embark on a campaign (in line with the World Food Summit in Rome) to mobilise broad social support in forcing the government to take into account policy proposals before the ultimate cabinet approval of food security policy which must address poverty.

Source: FAWU

19. Energy Sector

Energy sector policy should complement overall industrial and development policy. In particular, the role and structure of Eskom should be tailored to advancing the aim of universal access to affordable electricity both for households and industry. In order to advance this aim legislation should clearly outline that Eskom is owned and controlled by the state and that in its external and internal programmes Eskom should be accountable to government's broader RDP objectives.

20. Technology

Policy proposals

Technology and technological innovation that does not displace labour or inhibit job creation requires technology policy that is informed by the following objectives :

- building complimentary links with southern Africa and other developing countries;
- a participatory process of policy formulation and innovation;
- defining a developmental role for the state regarding "new frontier" technologies.

To ensure job creation and maintenance unions have to engage with technology at the level of policy development. This includes :

- *Worker and community participation in the National System of Innovation*, envisaged in the White paper on Science and Technology, through participation and links with universities, local research and development (R&D) centres, NGOs and the factory floor.
- *The role of the state* has to include facilitation of worker involvement in science and technology development, and also direct intervention to develop certain sectors like micro-electronics, and increased finance for R&D. Procurement policy should be used to influence innovation in labour intensive technology.
- *Optimal utilisation and development of technology* has to happen through increased numeracy and literacy skills, as part of an integrated education and training policy thrust that links scientific, mathematical and computer skills education.

Source: Labour proposals on Jobs Summit

LABOUR MARKET POLICY

Vision

We believe that Labour Market Policy should:

- 1.1 Redress the legacy of labour market segmentation and discrimination based on gender, race and age, with the aim of improved quality and security of present jobs, and equal access to new jobs.
- 1.2 Facilitate workplace democracy through enhanced worker control over decision-making.
- 1.3 Close the apartheid wage gap.
- 1.4 Train and develop the workforce.
- 1.5 Through NEDLAC guide the impact of Public Works Programmes to ensure training in communities and job creation.
- 1.6 Create decent *and sustainable* jobs for all at a living wage and train workers to be more productive.

Our main arguments in support of our vision

1 The legacy of apartheid

The legacy of the apartheid era has produced a set of labour market institutions which have fundamental weaknesses. The two most severe problems are:

- The inability to create conditions of full-employment;
- The large number of jobs which fail to pay a living wage.

2 South African Labour Market is Flexible already

2.1 The supposed need for greater labour market flexibility is based on a presumption that the labour market actually suffers from inflexibilities with respect to wages and employment.

2.2 In fact, the labour market, as it currently exists, is remarkably flexible in terms of wages and employment as demonstrated by the International Labour Organisation (ILO) study of the South African labour market. The amount of institutional protection workers have in South Africa is very small; retrenchments are not difficult; there is an increasing trend towards casual and atypical employment; and most wages are determined at plant or enterprise level.

3. Address poverty - pay a living wage

3.1 It is evident from the available data that both low wages and unemployment contribute to poverty in South Africa. The poor in South Africa consist of both the unemployed poor and the working poor.

3.2 Policies aimed at reforming the labour market and creating new job opportunities must take this dual source of poverty into account. Jobs must be created and economic opportunities expanded. Wage flexibility as a means of poverty alleviation – and particularly if new jobs are seen as the central mechanism of redistribution – simply means exchanging one source of poverty (low wages) for another (unemployment).

3.3 Creating new employment opportunities along with higher wages requires a long-run strategy and depends on the successful accumulation of productive investment in sectors of the economy which produce jobs, and on the structural transformation of the apartheid-era labour market.

4 Labour Productivity is on the rise

4.1 We are confronted with arguments everyday - in workplaces and in the media - that workers' productivity needs to increase in order for our industries to become competitive. In fact, labour productivity has been rising and unit labour costs have been declining since 1992.

4.2 Strong union presence, worker rights and labour standards compel management to seek productivity improvement through increasing management effectiveness, innovation, increased investment in training

and skills and worker participation.

4.3 Our view is supported by the ILO's argument for the importance of "dynamic efficiency". For example, where there are few costs or limitations on management use of overtime, there is little incentive for managers to engage in serious forward planning and production scheduling, or to make efficient use of available people. We reject strategies for improving competitiveness through undermining worker rights and labour standards, fragmenting the labour market or reducing wages.

4.4 Workers and trade unions cannot be held to be the chief obstacles to productivity improvement. It is management, government (through the supply of services, infrastructure and industrial policy), and low capacity utilisation which are responsible for most productivity problems which exist. We believe that increasing the competitiveness of the South African economy requires a strategic approach to entering rapidly changing world markets; public investment in cheap and efficient infrastructure, communities, people and skills; and a comprehensive restructuring of the management structure and how production is organised.

4.5 At a broader level, a different approach to promoting productivity as part of a broader strategy of redistribution and employment creation is clearly required. Labour has proposed (in 'Social Equity') the need to negotiate a National Productivity Framework in order to achieve this objective.

5 Wage policy and apartheid wage gap

5.1 A defining characteristic of incomes in South Africa is the wage gap between blue collar and low-paid workers on the one hand; and management and high-paid employees on the other. The gap between the salaries of management and other highly-paid staff, and the wages of the bulk of union members, is extremely high by world standards. This is the legacy of the apartheid wage structure.

5.2 Labour costs include the total wage bill, including the remuneration of management. Managerial, professional, supervisory and skilled positions account for some 45% of the wage bill, although they constitute only 23% of the total workforce in manufacturing.

5.3 Supporting evidence for the high cost of management in South Africa is provided by the 1996 World Competitiveness Report. South Africa is ranked 41 out of 49 countries in terms of management efficiency, but 6th in terms of the remuneration of top management. The high cost of South African managers is very clear when it is contrasted with the low productivity of the enterprises they manage.

5.4 A significant reduction of the management wage bill would contribute substantially to the reduction of labour costs. However, the management/worker ratio is increasing. Management functions should be devolved to the shopfloor, and a portion of management salaries that are saved should be redistributed to shopfloor workers.

5.5 There is no evidence that wage increases won by union members are the main source of inflation. To the extent that rising incomes generate inflationary pressure, this can as plausibly be explained by high and rising management incomes. Redistributing part of these incomes to workers will tend to increase demand for local goods and reduce poverty.

5.6 The above arguments makes it clear we see no reason for unions to moderate their wage demands or accept higher levels of wage flexibility. Indeed, union demands should stimulate management to seek ways to reduce the cost of management and improve production processes.

5.7. Union wage policies should be based on the following:

5.7.1 Increases in basic wages should not be linked to productivity increases since the major portion of productivity improvements are the responsibility of management. At the same time, as producers and stakeholders, workers should share the benefits of productivity improvement, either through wage increases or through gain-sharing agreements. The trade union movement should pursue a strategy of wage solidarity which seeks to increase most the wages of the lowest paid. Unions should oppose "labour market flexibility" which seeks to increase wage flexibility (e.g. undermining centralised bargaining, increasing casualisation). Centralised bargaining should be strengthened.

5.7.2 Critics will argue that these wage policies contradict the industrial development strategy of focusing on labour-intensive industry where wages are lower than in capital-intensive industry. However, there are already large labour-intensive sectors in South Africa where wages - whether set at company level or through centralised bargaining - are relatively low. Such wage levels cannot act as a deterrent to new labour-intensive investment. New companies will either fall within the scope of bargaining councils that already cover labour-intensive industry, or wages will be set through company-level negotiations. In either case, the unions will seek to organise their members and bargain for improved wages and conditions.

5.7.3 We reject the government's and business' proposals on Labour Market Policy as they advance:

- 5.7.3.1 The lowering of labour standards
- 5.7.3.2 Job losses
- 5.7.3.4 Flexibility
- 5.7.3.5 Wage moderation

Source: September Commission and NUMSA

Policy Proposals

1 Closing the Apartheid wage gap

1.1 COSATU should launch a campaign to close the apartheid wage gap to a ratio of at least 1:8 over an agreed period. This should include a framework which sets targets for wage equity in the private and public sectors.

1.2 The Employment Equity Act should be broadened to include mechanisms for monitoring of the closing of the wage gap in each company, and between all levels of the workforce including top management.

1.3 The top 58 companies should publicly agree to release information on the pay of their individual executive directors, particularly their CEO's. This should include salary or director's fees, pension, bonus, perquisites and share options. Information on the minimum wage payable to workers in their companies should also be made available.

1.4 Further, the top 58 companies should commit themselves to reducing the wage gap (including all fringe benefits and options) in the companies to no more than 1:8. This means that the earnings of the highest paid person should not be more than eight times that of the lowest paid person. Even such a wage gap will be unacceptably high but would constitute an important first step in our country towards a shared future.

Source: COSATU Policy Conference May 1997, Social Equity

2. Outsourcing

2.1 Outsourcing should not downgrade conditions of employment of workers in the same industry.

2.2 The employers should consult unions 6 months prior to outsourcing.

2.3 There should be full disclosure of information.

Source: NUMSA

3. Labour Brokers

3.1 Labour brokering should be regulated, and workers in these sectors should enjoy the full rights and benefits of full-time workers.

3.2 Separate national registers of labour brokers and the temporary workers they employ must be established.

3.3 Compliance with existing regulations must be monitored with the assistance of the national registers, including ensuring companies only use such registered labour brokers.

3.4 Unregistered labour brokers should be prosecuted and heavy fines imposed on them.

Source: NUMSA

4. Wages

4.1 The minimum wage is defined as "a regulated monetary wage at national / sectoral level taking into account the cost of living which must be regularly reviewed". It could take the form of a social wage incorporating health care, transport, pensions, etc.

4.2 Wages should be separated from productivity incentives.

4.3 Blanket exemptions should be discouraged and where they apply they must be based on the merits of individual companies. Criteria on exemptions should be developed at the national industry level and be implemented at the sectoral level.

4.4 COSATU should revive the Campaigns Committee and focus on, among others, the strengthening of centralised bargaining, highlighting the Living Wage campaign, and ensure that affiliates develop common demands.

4.5 Government must monitor and punish those who disregard the agreed minimum wages.

4.6 COSATU should campaign for minimum wage settings for the vulnerable and less organised sectors of the economy using bargained wage levels as yardsticks. This should also take into account the existing inequities, disparities in incomes and the struggle for a living wage.

4.7 COSATU should work towards an increase in the employment of women in all areas of work and especially in higher paid job categories. This requires a conscious attempt to integrate gender aspects in COSATU affiliate wage policies by linking the demand of equal wages for equal work and equal wages for work of equal value to the living wage campaign. This will ensure that affiliates take up the struggle against the oppression and exploitation of women, ensuring that this is not regarded as a "women's" issue but a problem of every member of the union.

Source: Living Wage Conference 1996, NUMSA, Policy Conference May 1997

Option 1:

The minimum living wage must be determined at national industry level.

Source: Living Wage Conference

Option 2:

There should be a national minimum wage.

Source: NUMSA

5. Training and skill development

5.1 All workers should enjoy access to paid training.

5.2 A 4% levy on companies for training must be implemented.

5.3 Consideration should be given to training programmes financed by the government, which address the area of managerial training, particularly in small and medium enterprises.

5.4 Vocational training with emphasis on multi-skilling and broad banding of jobs in a new skills-based grading system should be a key priority.

5.5 This should become a common item in all collective bargaining forums.

5.6 The RPL process must be jointly administered by management and union. Both parties must be trained as RPL assessors.

5.7 RPL must be compulsory for employers, but assessment of employees must be up to the employee concerned.

5.8 No employee must be down-graded as a result of RPL.

5.9 Interviews, demonstrations, written tests and portfolios will be used to assess workers.

5.10 All skills acquired must be paid for, even if they are not being used or applied.

5.11 COSATU and some affiliates have made progress in negotiating a framework for skills, grading, training and wages. In most cases there has been no effort to develop a gender perspective on this. It is important to address this issue or women workers will find themselves once again at the bottom of the heap.

Source: NUMSA, Social Equity, Secretariat Report 1997 Congress, CWIU

6. Scab Labour

6.1 COSATU should campaign for the prohibition of scab labour in legislation.

6.2 Call on the government to put an end to the use of scab labour through:

6.2.1 Requiring companies which tender for government contracts to sign an anti-scab code.

6.2.2 Requiring companies receiving any government incentives, such as export and regional economic development incentives, to sign an anti-scab clause.

6.2.3 Agreeing not to use scab labour in areas of the public sector and parastatals, where workers are striking legally.

6.3 Campaign in all industries for an end to scab labour by putting a demand to employers in all bargaining forums.

6.4 Essential and Maintenance services should be broadly defined so as to minimise the use of scab labour.

6.5 Link any discussion on productivity at plant level with a demand for an end to scab labour.

Source: SACTWU, Living Wage Conference 1996

7. Demands to improve minimum LRA provisions and Proposed Amendments

7.1 Affiliates must fight for provisions that are better than minimum provisions which are reflected in the LRA; and in that regard ensure that they include demands on the following provisions:

7.1.1 The duty to bargain;

7.1.2 The right to strike over individual dismissals;

7.1.3 The right to strike;

7.1.4 Exclude the right to lock-out;

7.1.5 An improved severance package – of no less than four (4) weeks per year of service – for retrenched workers;

7.1.6 When challenging the unfairness of retrenchment, affiliates must demand compensation for the loss of future earnings and personal belongings.

7.2 COSATU must embark on a campaign, through collective bargaining, to fight for the above issues to be agreed by employers in the different industries.

7.3 The Central Committee mandates the EXCO to initiate comprehensive discussion on the closed shop and study its implications at all levels.

7.4 In order to address the problem of free-riders, affiliates should trigger the agency shop as stipulated in the new LRA where unions are in majority.

7.5 COSATU must pursue the fight for the duty to bargain as an amendment to the LRA.

Source: CWIU

7.6 CCMA

7.6.1 We should encourage people sympathetic to labour to staff the CCMA, but at the same time we must not cripple the labour movement.

7.6.2 CCMA Commissioners must not include company industrial consultants – whether presently practising or not.

7.7 Essential & Maintenance Services

7.7.1 The committee that will deal with the essential services must have a working class bias.

7.8 Exemptions

7.8.1 A definition of small, medium and micro enterprises needs to be developed at national level as a framework to guide sectoral debates. Such definition should take into account issues such as turn-over, numbers of people employed, etc.

8. Recognition Agreements

8.1 All existing recognition agreements must be reviewed in line with the minimum conditions as specified in the new LRA.

8.2 COSATU should assist in this process.

Source: COSATU Living Wage Conference and CWIU

NUMSA AMENDMENTS TO THE LABOUR RELATIONS ACT OF 1995

1. The Act needs to make the same provisions, which prohibits attorney from presenting parties at CCMA arbitration where the issue in dispute is dismissals for misconduct, directly applicable to Bargaining Councils.

Motivation:

Currently the Act permits Bargaining Councils the right to determine who may represent parties in these arbitration, and formulate their own procedure in their Constitution and dispute procedures.

2. The CCMA must be a tribunal of record and must keep a record of all arbitration proceedings.

Motivation:

The record would be available to the parties to allow the parties to analyse the record and evaluate whether one may confidently review the awards.

3. The Act should make provision for voluntary conciliation under the CCMA after a period of six weeks into any protected strike.

Motivations:

Strikes are costly to both the workers and the employer and protected strikes may not be limited in duration by law. The Act permits the employer to dismiss workers for operational requirements during the course of the strike after consultation. To prevent this situation arising the parties should be permitted access to the CCMA, as an independent body, thereby providing the possibility for an independent party to attempt to settle the dispute.

4. The Act must provide that employees in workplace may embark on a protected strike in support of their demand to establish an agency shop agreement or closed shop agreement

Motivation:

A correct interpretation of the Act is that these are interest disputes and one would be entitled to strike over such an issue, it is nevertheless suggested that the Act is unclear in this regard.

5. The Act should state that trade union officials representing their members at the Labour Court may, upon an order by the Labour Court, recover disbursement from the other party.

Motivation:

The Act does not expressly allow trade union representatives at Labour Court who are officials of a trade union to collect costs or disbursement at the Labour Court. It is unlikely that under the present Act trade union representatives, who are officials of the trade union, may recover any costs.

This is necessary to ensure that the costs involved in representation of our members at the Labour Court is reduced.

6. The Act should make specific provision entitling workers to strike or refer a dispute over unilateral variation of terms and conditions of employment to the Labour Court for adjudication.

6.1 At conciliation the conciliator must order the employer to revert to the status quo ante the variation.

Motivation:

The Act is not clear about how parties may deal with the issue of unilateral variation if the

CCMA fails to resolve the matter at conciliation. The fact that the issue is provided for in section 64 of the act (which section deals with strikes) indicates that the parties may strike over the issue. This is not clear however. The CCMA should not have any discretion but to order the employer to revert to the status quo prior to the variation.

7. The Act must provide that after a period of 6 weeks any CCMA or Bargaining Council arbitration award, which was opposed, may be executed as if it is a Labour Court order provided that any party may apply to the Labour Court to set aside or review that award in terms of section 145 on the basis that the CCMA proceedings were defective in that the defect involves corruption.

Motivation:

CCMA awards need to be given some other binding force and to prevent costly and difficult applications to enforce each and every CCMA award

8. The provision in the Act which provide for protected secondary strikes need to be amended to allow for "solidarity strikes". The proposal is set out below:

A secondary strike will be protected if:-

- i. *The primary strike is protected, and*
- ii. *Reasonable notice has been given prior the secondary strike, and*
- iii. *The purpose of the secondary strike is not to seek to made any demands in their own interest, and*
- iv. *There is a sufficient community of interest between the secondary strikers and primarily strikers.*

Motivation:

The Act places a severe restriction upon secondary strikes and requires (in terms of section 66 of the Act) that the secondary strike be reasonable in relation to its effect upon *the business of the primary employer*

Trade unions are and will continue to be frustrated by the onerous requirements of "secondary strikes" which hinder the use of secondary strikes to defend and advance worker interests in our less organised sectors,

The Labour Laws of Spain, Italy and France have moved some way towards recognising the legitimacy of sympathetic solidarity strikes.

9. Demands to improve minimum BCEA provisions and proposed amendments

9.1 The Basic Conditions of Employment Act has many provisions that will affect women workers negatively such as:

- 9.1.1 Downward Variation which will allow companies to attack maternity and child care rights.
- 9.1.2 Responsibility leave is only three days and includes compassionate leave and excludes casuals.
- 9.1.3 It provides for sick leave to be reduced to 75% in exchange for an unpaid day off.
- 9.1.4 Companies will use these provisions by reducing sick leave and maternity leave.
- 9.1.5 COSATU must reject the variation model of the BCEA and campaign for all rights to be extended to casual and temporary workers.

Source: CWIU

10. Collective Bargaining Strategy and Centralised Bargaining

10.1 Unions must intensify collective bargaining as a means of redistributing incomes and benefits.

10.2 COSATU must establish a collective bargaining department and work on actively co-ordinating the collective bargaining demands and campaigns of affiliates. The Federation needs to play a central role in the co-ordination and development of collective bargaining strategies in support of the living wage campaign including the relationship between issues at enterprise, industry and NEDLAC level.

10.3 COSATU and affiliates should use their collective bargaining power as a tool to bring about changes for all women and to overcome unevenness in the federation with regards to bargaining victories. The Federation should be empowered to co-ordinate and, where necessary, engage in collective bargaining issues.

10.4 Coordination will include collecting data, formulating core demands, mass mobilisation, etc. Issues that cut across sectors will be dealt with by the federation in negotiations with a national employers organisation. While these negotiations will be led by the NOBs, in reality it will be affiliates who are negotiating. The COSATU team should therefore include Presidents and General Secretaries of affiliates. No single affiliate can deal with issues such as the social wage on its own.

10.5 COSATU needs to co-ordinate collective bargaining with a clear agenda that would include, amongst others: enforcement on paid time off, parental leave, compulsory transport provided by employers when working overtime, skills training and training levies, equal pay and childcare facilities. Appropriate forums need to be identified where these issues can be placed on the bargaining table, either at plant level, national level, NEDLAC and / or legislation.

10.6 All affiliates should establish collective bargaining departments with a research capacity.

10.7 Affiliates that have not yet developed a coherent wage policy for increasing the wages of their lowest-paid members should do so. The first step is to research the wage structure in the industries organised by the union, and on this basis to develop strategies for wage solidarity.

11. Bargaining - our trade union tool for change

11.1 The new conditions require that we seize the opportunity to introduce a new bargaining framework which will combine the three levels of bargaining into a coherent approach. This entails negotiations of the wage agreements at the following levels:

11.1.1 **Macro:** The basic percentage increase in labour cost in the economy for a twelve month period, together with targets on monetary policy, investment, trade reform and fiscal policy parameters.

11.1.2 **Sectoral:** The division of the basic wage cost increase into the wage package such as wages, hours of work, retirement funding, etc.

11.1.3 **Workplace:** Productivity increases based on workplace restructuring.

11.2 If the above is agreed to, we propose the following programme for the next 36 months (Negotiations 2001), which should be implemented in three phases:

- COSATU Central Committee to adopt a policy position to support centralised bargaining at macro level (June 1998);
- **Affiliate** and regional workshops to take members through the detail of the new direction (July 1998 – February 1999);
- Develop detailed document on new negotiation arrangement, to cover the following: At which structure should negotiations take place; how affiliates will be represented; how mandates will be obtained and tested during negotiations; and sustaining shop steward and member involvement in negotiations and campaigns (March – June 1999);
- Submit proposals for discussion in the Alliance and thereafter for negotiation at tripartite level (July – November 1999);
- Regional shop stewards' meetings on proportional basis to plan campaigns of action if there is no agreement at NEDLAC on the new direction, or if there is agreement, to develop wage-related proposals for macro negotiations (January – March 2000);
- Submission of demands on wages at tripartite level for 1 May 2000 implementation date. Commencement of macro negotiations over a period of not more than 4 months (June – November 2000);
- Consideration of new framework agreement at sectoral level, with negotiation on how to structure the package at sectoral level, the minimum wage, and new grading levels (February 2001);
- Productivity adjustments introduced at plant level (June 2001);
- Implementation of new agreements on 1 July 2001.

Sources: September Commission, Policy Conference May 1997 and Secretariat Report 1997 NC – note dates revised

12. Affirmative Action, Sexual division of labour and Women's Empowerment

12.1 There is a need for extensive challenge of the sexual division of labour and stereotypes that limit women's access to certain positions.

12.2 There is a need to encourage employment of women in our sectors and abolish gender bias in promotion and recruitment procedures (e.g. bias in advertisements).

12.3 Employers should implement affirmative action programmes to redress the sexual division of labour

by employing females in typical male jobs.

12.4 Education and training in companies should target women and ABET should be run during working hours with paid education leave.

12.5 Affiliates should demand representation on company recruitment and promotion committees to ensure that such affirmative action is taken into account by employers.

12.6 Workplace affirmative action is not sufficient to substantially alter women's place in the labour market. Only broader access to education, skills and career paths will do this. COSATU and affiliates should draw up a programme of negotiation at bargaining council level, in industry training boards and with training institutions, for increased industry-wide access for women to all training institutions and careers, and affirmative action for women applicants to industry training programmes and institutions.

12.7 COSATU should commission NALEDI to conduct research into the position of women in the workplace and in the labour market to inform and implement affirmative action strategies.

12.8 Legislation on affirmative action should prescribe the quota's / demographics and should have penalties on companies that do not comply.

Source: NUMSA, SARHWU, September Commission

12.9 Job-creation schemes should prioritise the employment of women.

12.10 The state and employers should assist with the establishment of childcare facilities to facilitate the full participation of women in the workplace and ensure parental rights agreements.

12.11 Labour market discrimination begins before women actually enter the labour market, in the family and at school. COSATU could encourage members to help their children think beyond "traditional" gender roles in the labour market. SADTU should encourage its members to challenge the way schools discriminate against female students, and to encourage their students' not to be constrained by gender expectations in their choices of subjects and careers.

12.12 Support implementation of CEDAW, Beijing Platform of Action and the Women's Charter for effective equality.

12.13 Participate in the process towards the formation of a movement for the emancipation of women.

12.14 Sexual harassment must be outlawed.

12.15 The NEDLAC adopted code on sexual harassment to be attached to the LRA must be widely circulated to members. Members should be educated on the content of the code. Affiliates should put in place effective mechanisms to help women workers to use the provisions of the code.

Source: NUMSA, Living Wage Conference 1996

13. Health, Safety and Environment

13.1 Workers continue to have differential rights in health and safety. While all workers other than miners are covered by the Occupational Health and Safety Act (OHSA), inadequate implementation and enforcement of the Act limits the benefits to many of these workers (e.g. contract workers, fishing, forestry and agricultural workers).

13.2 This would require a radical overhaul of the legislation as was suggested at COSATU's HSE Conference:

13.2.1 The new Mines Health and Safety Act integrated collective bargaining and health and safety. The new LRA gives trade union representatives the right to monitor an employer's compliance with legislation concerning terms and conditions of employment which would include health and safety and compensation laws. Unions must utilise this right with regard to health and safety.

13.2.2 COSATU must be represented in all forums dealing with health, safety and environment. This must include improved rights for representatives, such as full-time safety stewards.

13.3 Restructure and improve Compensation of Occupational Injuries & Diseases Act (COIDA) and the Occupational Health and Safety Act and other HSE legislation (e.g. Occupational Diseases Mines and Works Act); This should include:

- 13.3.1 Development of guidelines, codes of practice on safety committee, training, workplace healthcare, risk assessment etc,
- 13.3.2 Extension of compensation to cover all workers,
- 13.3.3 Revision of formulae for compensation levels,
- 13.3.4 Improvement of basic rights of workers and unions,
- 13.3.5 Streamlining of the inquiry system,
- 13.3.6 Enforcement of legislation,
- 13.3.7 Single Legislation on Health & Safety across industries and single co-ordination at ministerial level.
- 13.3.8 Ratification and adherence of legislation in line with ILO conventions, FAO, UN environment programme, BAMAKO convention.

13.4 The basis of the compensation system is the trade-off between a worker's right to compensation for work-related injuries and illness, irrespective of fault, against their forfeiting this right to sue the employer for damages in the civil courts. However this removal of a worker's right to civil actions should now be viewed against the new Constitution. The bar on civil actions would not violate the Constitution, provided that the range and level of statutory compensation benefits as a whole are comparable to those that workers would be entitled to under the civil law. COSATU must ensure that the benefits received by workers are indeed comparable.

13.5 Accidents and disease remain under-reported. Workers remain unaware of their rights under the Act. Workers and trade unions must report accidents and submit compensation claims.

13.6 Despite COSATU's position that benefits need to be increased, this has not been achieved. Changes need to be made to the manner in which permanent disability is calculated. The present system has not been changed since 1941. The committee of inquiry set up to investigate the formation of a national health and safety council found that 'it is less generous in its assessment of disability than private insurers and pension funds'. Loss of earning capacity or employment are not considered. There is no payment for pain and suffering.

13.7 COSATU should target the month of October in each year for a focused campaign on issues related to health, safety, environment and aid. The main purpose of the campaign should be to highlight issues related to this section of the resolution.

Source: Secretariat report to the 1997 Congress Health, Safety & Environment Conference 1995, NUMSA

13.8 There must be full disclosure of information (right to know) from all sources (management, government, etc).

13.9 Doctors and experts must report occupational diseases to unions and safety committee – not only to management and chief inspectors.

13.10 Medical and environment surveillance programs, the process and people who carry it out must be acceptable to workers as well as management.

13.11 Rights to refuse unsafe and unhealthy work must be strengthened in the Act (and procedures to be developed).

13.12 There must be joint agreement by unions and management on the employment of experts before and when accidents are to be investigated, i.e. the right to independent experts.

13.13T here must be automatic prosecutions and heavier penalties for negligence by bosses. Investigate and improve enforcement, administrative sanctions, and penalties under COIDA. Additional Compensation should not depend on workers lodging claims, and an inspectorate should be instituted if negligence is established.

13.14 There must be job security, retraining and re-deployment of workers with permanent disabilities.

13.15 Establish rehabilitation centres throughout the country.

13.16 Rebates of bosses from compensation fund must be channelled to the rehabilitation programme.

13.17 COSATU must work towards the restructuring and reorientation of NOSA.

13.18 Carry out training and employment of more inspectors.

14. Environment

14.1 COSATU must develop a broad policy on the environment and commission research on:

14.1.1 Coastal management policy

14.1.2 Marine policy

14.1.3 Forestry policy

14.1.4 Pollution control measures (include, radiation)

14.1.5 Zoning

14.1.6 Recycling policy

14.1.7 Mining dumps

14.1.8 Toxic waste

14.2 Develop national standards for a code on investment.

14.3 Industries/companies must be responsible for the products they make from the manufacturing stage until they become harmless ("cradle to grave" principle).

14.4 The principle of "polluter pays" must be adopted.

14.5 COSATU affiliates must expose and resist dumping of toxic waste.

14.6 COSATU must challenge abuse of recycling principles by companies.

14.7 Start and intensify environmental awareness at schools, churches, workplaces and in the community at large.

14.8 Direct the cleaning campaign towards employment creation through the recycling of materials like paper, tins, aluminium, steel, iron, copper, etc.

14.9 Youth and women, in particular, as they form a higher percentage of the unemployed, should be fully trained to play an important role in the recycling process.

14.10 Our training and education institutions should promote the recycling process as an important light industry.

14.11 Government should provide financial assistance towards the establishment of the light industry.

15. AIDS

15.1 There is a dire need for education on AIDS awareness, including:

15.1.1 What is it?

15.1.2 How is it transmitted?

15.1.3 How to avoid it?

15.1.4 Consequences thereof?

15.2 Government should intensify its AIDS awareness programmes.

15.3 Unions must embark on a campaign to compliment government's initiatives.

15.4 There must be time off for education programmes.

15.5 Existing resources of NGOs must be used.

- 15.6 Government must provide funds and resources.
- 15.7 There must be joint programmes between management and shop stewards or workers.
- 15.8 Unions must campaign for insurance companies to fund education programmes on HIV and AIDS.
- 15.9 Organise sex education for all.
- 15.10 Hold consultative meetings with stakeholders on education programmes in schools.
- 15.11 ABET centres must be used to disseminate information.
- 15.12 Government should subsidise the costs of medicines to assist the poor.
- 15.13 Research must be intensified for an AIDS cure.
- 15.14 There should be no discrimination against people/workers who have contracted AIDS.
- 15.15 There should not be AIDS tests for purposes of employment.
- 15.16 Proper provisions relating to core schemes, medical aid, provident fund and insurance schemes to take care of AIDS sufferers must be established.
- 15.17 Campaign against the discrimination and loss of benefits suffered by HIV workers. This should be negotiated at national level and put to NEDLAC.
- 15.18 Adopt code of good practice and popularise and implement it. Shop stewards must monitor progress of the resolution taken.

Source: NUMSA and Health, Safety and Environment Conference 1995

16. Child Labour

- 16.1 Only people above 15 years of age shall be entitled to work.
- 16.2 COSATU and the Alliance should campaign for laws to protect and eradicate child labour.
- 16.3 Child labour in the entertainment industry must be rigorously controlled.
- 16.4 Heavy penalties should be imposed upon any employers who contravene regulations on child labour.
- 16.5 COSATU should mobilise funds for the campaigns to highlight the plight of the children.
- 16.6 COSATU should mobilise/pressure government to implement ILO Conventions on child labour.

Source: PPWAWU, Living Wage Conference 1996

17. Parental rights

- 17.1 COSATU and its members shall vigorously campaign for improved parental rights, which shall include:
 - 17.1.1 A minimum of 6 months employer paid maternity leave (which shall also include adoptive parents). The UIF should not be used for drawing maternity benefits.
 - 17.1.2 A minimum of 5 days paternity leave per annum (which shall include adoptive parents).
 - 17.1.3 A minimum of 20 days paid childcare leave per annum (which shall also include ante and post natal care).
 - 17.1.4 Provision by the employer/state of adequate childcare facilities for the dependent children of working parents.

Source: Living Wage Conference 1996, September Commission

18. Productivity and Competitiveness

- 18.1 We need to be productive, but we reject the ideology and proposals for competitiveness.

18.2 We will oppose any attempt to make us compete against our fellow workers.

18.3 Instead of focusing on making different companies competitive, as a union movement we should devise industrial policies that will lead to:

18.3.1 The development of our productive capacities

18.3.2 Job creation.

Source: NUMSA

18.4 A national productivity and equity framework agreement to be negotiated through NEDLAC to cover all industries.

18.5 It should also cover equity issues such as redistribution of productivity benefits and the reorganisation of relations on the shop floor. It should deal with job creation and job security.

18.6 This framework agreement could then be used as the basis, in industry level negotiations, to address concrete targets of productivity improvement.

18.7 The detailed plant level negotiations on the implementation of specific measures to follow should be negotiated between shop steward committees and managers.

18.8 Productivity issues should become a matter for collective bargaining, not consultation.

18.9 All productivity payments must be separate from the base rate.

18.10 All productivity gains must be shared equally. When carrying this out at plant level tax implications must be taken into consideration.

Source: Social Equity, NUMSA

19. Workplace democracy and re-organisation

19.1 For many years management has unilaterally restructured our workplaces. But the campaign of restructuring by management has intensified as each company strives for competitiveness.

19.2 We should reject new management and production techniques that do not lead to genuine worker participation and democratisation of the workplace.

19.3 Depending on the company's agenda, unions have or have not been involved in the process.

19.4 Big and wealthy companies have tried to implement their restructuring proposals with the blessing of unions.

19.5 It is high time that as unions we should put forward a programme of workplace democratisation, in line with our ideal of workers control. Affiliates must demand that the following issues should be negotiated with unions:

19.5.1 Strategic business plans

19.5.2 Introduction of new technology

19.5.3 Use of machines and line speed

19.5.4 Plant utilisation and layout

19.5.5 Benchmarks, targets and production schedules

19.5.6 Product development plans

19.5.7 Work organisation and work processes

19.5.8 Quality assurance programmes

19.5.9 Working time and patterns

19.5.10 Company and organisational structure

- 19.5.11 Investments in human and capital resources
- 19.5.12 Social responsibility programmes
- 19.5.13 Training and skills formation
- 19.5.14 Grading
- 19.5.15 Person-power planning
- 19.5.16 Affirmative action programmes
- 19.5.17 Productivity and performance assessment
- 19.5.18 Remuneration, bonuses, incentive schemes and wage structure
- 19.5.19 Wealth sharing schemes and dividends policy

19.6 By demanding that the above be negotiated with unions, we are calling for collective bargaining rights to be extended to the areas highlighted above.

19.7 The union must intervene both at shopfloor level and at a macro-level where industrial and macro-economic policies are being made. The survival of companies depends not only on shopfloor restructuring but also on a vibrant and interventionist industrial policy. For example, on policies on the price of raw materials and government support for industrial development.

19.8 At shopfloor level:

- 19.8.1 Employers must negotiate with unions on work re-organisation by giving information, and discussing their strategic plans with unions.
- 19.8.2 COSATU must fight for employment security, job creation and resist lowering of staffing levels through natural attrition.
- 19.8.3 Wages and bonuses must be separate.
- 19.8.4 A company must give 6 months notice of the introduction of new technology. This notice period must be before the decision to purchase the machinery has taken place.

19.9 Teamwork is only acceptable if:

- 19.9.1 The union triggers the teams
- 19.9.2 Work teams have a real say over targets, line speeds etc.
- 19.9.3 Team leaders are democratically elected and rotated
- 19.9.4 Team leaders can't take disciplinary action, this should remain with management
- 19.9.5 The union can take up production issues
- 19.9.6 The union can meet with its own members
- 19.9.7 Participation in teams is voluntary
- 19.9.8 Shop stewards can address team meetings, and union-related issues can be discussed in green areas/team centres
- 19.9.10 The team does not have to meet its target if one of its members is absent.

19.10 At central level

There is a need for:

- 19.10.1 National frameworks on how to deal with the above issues at plant level
- 19.10.2 Industry-wide model disciplinary code
- 19.10.3 Industry-wide guidelines for hiring, transfer and promotion

19.10.4 Guidelines on mergers and transfers

19.10.5 Guidelines on partial and total closures.

19.11 That in our fight for the above we must insist on:

19.11.1 The right for the union to be directly involved in the negotiations. In multi-union plants and where management argues that we are not representative, we must opt for joint union structures where unions that are active in the plant will be proportionally represented.

19.11.2 Voluntary dispute resolution mechanisms.

19.11.3 The duty of the employer to disclose information.

Source: NUMSA

19.12 Worker participation in company level decision-making cannot just be crafted onto a managerial structure which actively resists openness, involvement and joint decision-making.

19.13 Commission research on affiliates' factory experiences including the international experience. Such research must be participatory and include shop stewards from the factories concerned.

19.14 Public sector restructuring must be led by the public sector unions.

Source: Social Equity and Policy Conference May 1997

19.15 Dispute resolution mechanisms

19.15.1 Whenever workplace change programmes are negotiated COSATU must insist on dispute resolution mechanisms that will give the space to choose what weapons to use to further COSATU's interests.

19.15.2 Proposals for compulsory arbitration must be rejected. Arbitration must be voluntary and COSATU must reserve its right to take independent action if in dispute on the above issues.

Source: NUMSA

19.16 Workplace forums

Option 1:

- COSATU affiliates should not trigger workplace forums.
- COSATU should remain opposed to workplace forums as per the provisions in the LRA. Powers of workplace forums must be transferred to the shop steward committees. The EXCO will be responsible to co-ordinate these activities.
- Instead of getting involved in co-determination structures, affiliates should fight for extended collective bargaining to negotiate issues relating to production, and issues which up to now have been regarded as management prerogative.

Affiliates should put to employers in the next round of negotiations that all issues listed in workplace democracy be subject to negotiations.

Source NUMSA, CWIU

Option 2:

- Workplace forums must be union based.
- The decision to establish a workplace forum should lie with an affiliate head office, and union branches should not initiate forums.
- All members of Business South Africa and NAFCOC should agree that workplace forums established in terms of the new LRA should be trade union based forums.
- In order to ensure that such forums are used constructively, it is necessary to invest in training of workers and shop stewards.
- South Africa should agree to ratify the ILO Convention on Paid Education and Training leave as a further step.

Source 1996 Living Wage Conference, Social Equity

20. Hours of Work

20.1 Decreasing the average working hours is seen to have a number of potential benefits, such as giving workers more leisure time, improving the quality of existing jobs, increasing productivity and creating more jobs .

20.2 Potentially negative outcomes could be prevented by carefully designed interventions, including the following:

- Reducing in working hours must be accompanied by supporting mergers which prompt firms to expand their workforce. Policies need to provide incentives to increase employment by the same proportion as working hours are reduced.
- Some analysts suggest that the reduction in working hours without loss of pay must be substantial in order to have a significant job creation effect.

20.3 In every possible instance overtime work should be replaced by full-time new employment.

20.4 A 40-hour working week must be introduced for all workers.

20.5 COSATU should campaign and discourage all workers in the short term from performing overtime work, so that in every possible instance full-time employment is created.

20.6 In the long term, COSATU remains committed to the banning of overtime work all together.

20.7 As an immediate ban on overtime working in certain industrial sectors is not possible at this point in time, a co-ordinated approach that will allow affiliates to work towards a complete ban is required.

20.8 It is recognised that it is necessary to campaign for a living wage in order to encourage workers not to work overtime as a means of additional income.

Source Social Equity, COSATU Living Wage Conference 1996 and Labour Job Summit Document

21. Capacity building

21.1 Carry out research on executive powers of the Health & Safety legislation in other countries.

21.2 Build capacity of worker and union representatives in safety committees through training

21.3 Government and business to provide funding for capacity building in the labour movement for health and safety and environment representatives.

21.4 COSATU must develop a co-ordinated, uniform curriculum for health and safety training.

21.5 Conduct massive education to inform and educate workers on the provisions of the Acts.

21.6 COSATU education department to produce a policy booklet on Heath, Safety and the Environment.

21.7 All union health and safety representatives must receive extensive training, and COSATU must develop strategies to achieve this.

21.8 COSATU must encourage the continuation of the process of membership education on the LRA. COSATU education structures must reflect this objective in its annual programme of education.

21.9 Affiliates must ensure training of officials on the new LRA.

21.10 The employers and government should pay for training of workers on the new LRA.

21.11 Members must be educated as to the new LRA procedures in regard to strikes, wild cat strikes, use of scab labour, essential services, etc.

21.12 Shop stewards should be given a minimum of 20 paid days training on the LRA. This minimum number of days should not be part of the normal shop stewards leave as regulated by the existing recognition agreements.

21.13 Two days paid leave should be granted to all workers to participate in union-run training programmes to familiarise them with the objectives of the LRA and the role of the workplace forums.

Source: CWIU, NUMSA and Living Wage Conference 1996

22. Internal Organisation

- 22.1 Establish Health & Safety and Environment structures at all levels.
- 22.2 The EXCO must ensure co-ordination of work by creating a separate department and ensuring release of human resources from within the current COSATU departments and projects.
- 22.3 Develop clear guidelines on how union representatives participate in safety committees.
- 22.4 Embark on a co-ordinated campaign to push for the implementation of COSATU's demands on health, safety, and environment.
- 22.5 Campaign for employers to pay for insurance cover where this is necessary.

Source: Health and Safety Conference 1993

UNION INVESTMENTS

1. Vision

- 1.1 Trade union investments should constitute a critical instrument in transformation the current South Africa capitalist economy into a socialist and worker controlled economy.
- 1.2 Within the above overall strategic objective, union investments will be aimed at the following short to medium term objectives:
 - 1.2.1 Job creation
 - 1.2.2 Benefits to members
 - 1.2.3 Investing in the productive sector of the economy rather than speculative financial investments.
 - 1.2.4 Progressively breaking monopoly capital's control over the economy.
 - 1.2.5 Changing current patterns of ownership, control and corporate governance.
 - 1.2.6 Building social capital and further strengthening and consolidating the social sector.
 - 1.2.7 Developing a model democratic and transformed workplace.

Source: Resolutions Committee

2. Policy Proposal

Option 1

We need to establish investment companies with clear roles, form and functions to handle union investments

Source: Secretariat Report to 97 Congress, September Commission

Option 2

To campaign vigorously for independence from capital and to oppose investment companies and all forms of co-option.

To oppose the establishment of investment companies but have Provident Fund Trustees handling union investments.

Source: CWIU

3. Strategy

- 3.1 To call for COSATU to invest its resources in socially useful projects that will lead to the rise in the living standards of the deprived communities.
- 3.2 To make sure that the poor and the working class will benefit collectively from such investments by the union.

3.3 Such socially useful investments can take the form of making money available from our Provident Funds for building houses, clinics and other necessary infrastructure. The majority of Provident Funds money should be invested in government bonds. Enabling legislation to this effect, must be enacted take place, this should include tax incentives for such investments.

3.4 The fight for worker control of Provident Funds should continue.

3.5 COSATU should adopt a clear code of conduct to guide COSATU affiliates in their investment strategy. This should take into account the federation's policy on privatisation.

Source: CWIU and 1997 May Policy Conference

4. Code of Investments

4.1 Union investment companies must abide by firm union principles and guidelines reflecting firstly union goals and secondly, financial returns. These guidelines could be reviewed at the relevant National Congress.

4.2 Certain guidelines need to be developed to address 'internal' and 'external' issues:

- Internal guidelines relate to overall union goals and codes of conduct
- External guidelines relate to companies controlled by the investment company and a company in which a non-controlling share may be held.

4.3 We must ensure that unions remain worker controlled and are run through member subscriptions and not financial returns from investments.

4.4 Union officials should not gain financially, through access to cheap shares or directors' fees.

4.4 Investment funds decisions should not be taken in deliberate secrecy, preventing members from participation.

4.5 Investment companies should not draw on worker retirement funds to finance deals.

4.6 Guidelines should make sure that the priority for union money is to build effective union organisation.

4.7 Workers must be part of the union investment policy development which is intended to act on their behalf. Guidelines should set out the following:

- accountability and information disclosure,
- worker training to understand issues,
- ways to ensure policy principles are determined democratically.

Source: September Commission, Secretariat Report to 97 Congress

5. Separation

5.1 The investment companies should not be separated from the unions, in that:

- the 'business is business' approach and the practice of investment companies holds many threats to the unions,
- there is a need to align union investment company strategy with union principles. The greater the gaps that exist between principles and strategy, the more likely that business and other vested interests would be able to undermine union principles.

5.2 Unions (and current union officials) should not be involved in the day-to-day investment activities. Guidelines should lay down strict criteria for the behaviour of union officials and office bearers in relation to investment companies and funds.

Source: Secretariat Report to 97 Congress, September Commission

6. Strike Funds

6.1 COSATU should consider whether to divert union funds into strike funds, rather than investments.

Source: September Commission

PUBLIC WORKS

Vision

- 1.1 Other societies devastated by war or economic depression have used public works and related programmes as a short-term measure to bring the unemployed into employment and to develop the economy.
- 1.2 The Reconstruction and Development Programme which the ANC put to the electorate before the 1994 elections calls for a co-ordinated public works programme in order to create jobs. Since the election, we have seen very little evidence of a substantial public works programme that we envisaged.
- 1.3 The state has a major role to play in employment creation through ownership, public sector and policy development such as industrial strategy, training and investment in basic infrastructure.
- 1.4 COSATU should campaign for a viable public works programme that provides for basic infrastructure.

Source: May 1997 Policy Conference and Social Equity

Policy Proposals

1. Start Public Works

- 1.1 We propose an accelerated programme of public works in the provision of electricity, piped water supply, sanitation, child care facilities and health care clinics to deprived communities. Programmes to provide roads and major dam and canal works, and to address telecommunication inadequacies should be put into place. This entails a major upgrade of urban infrastructure and provision of rural infrastructure.
- 1.2 Such a programme will lead to increased employment in the short term, but crucially, it is a fundamental part of improving the performance of the urban and rural economy. It will have a positive effect on national output, and on productivity levels in the economy.
- 1.3 We are concerned about the high proportion of funding consumed by consultants and specialists in current and past community and public works programmes. We propose that consultants only be used when no reasonable alternative exists, and that all consultant fees be capped, and publicly disclosed.

Source: Social Equity and 1992 Economic Policy Conference

2. Areas of employment

- 2.1 We propose that the long-term unemployed, women and youth be targeted for employment in these programmes. Special emphasis has to be placed on developing infrastructure in rural areas. Attention should be given to building a training component into such public works programmes, including adult basic education (literacy, numerical and life skills).

3. Funding

- 3.1 The key sources of finance are the fiscus. (the government must substantially increase its budget for public works) the corporate sector and prescribed investment requirements on the retirement and long-term assurance industry.
- 3.2 The corporate sector must accept the need to contribute to development. They feared a vigorous attack on their wealth before the election, and since this has not happened, they have settled back into complacent arrogance. The asset base of the long term assurers, provident and pension funds, self administered funds and the assets of the Public Investment Commissioners amount to more than R695 billion. These would all need to be harnessed to meet the needs of developing our society.
- 3.3 We propose that the public works programme be financed from government, business and labour, in the following manner:

- **Government**

Through a major contribution from the fiscus the government must substantially increase its budget for public works, the corporate sector and prescribed investment requirements on the retirement and long-term assurance industry,

- **Business**

A three year levy of 5% on the pre-tax profit of businesses (business sector), the introduction of a prescribed investment requirement on pension and provident funds,

- **Workers and policy holders**

The life assurance industry and the assets of the Public Investment Commissioners, to invest 5% of funds in special government bonds to finance RDP projects (workers and policy holders).

Source: Social Equity and the 1992 Economic Policy Conference

4. Infrastructure Investment Plan

4.1 Local governments should draw up Infrastructure Investment Plans as part of their overall Local Economic Development plan. These plans should be linked to urban development plans to avoid fragmentation and lack of co-ordination. Programmes implemented by government departments and provincial governments should be located within the framework of urban development planning to avoid urban sprawl.

4.2 Infrastructure investment plans should have definite targets and time frames within which to deliver infrastructure, especially to the poor.

COSATU submission on Local Government discussion document

5. Principles underlying Public Works

5.1 COSATU must develop proposals for public works schemes that are based on the needs of the community.

5.2 These should be negotiated in NEDLAC with the involvement of unions organising the various sectors.

5.3 The unions must be represented on the structures that govern the schemes.

Source: NUMSA, May 1997 Policy Conference, and 1992 Economic Policy Conference.

5.4 Labour-based construction methods must be utilised.

5.5 There must be no displacement of workers in existing jobs because of the public works schemes.

5.6 Wages relating to public works schemes should be negotiated by COSATU.

5.7 Wages should be set at a level which combines the need for fair labour standards with the requirements of job creation.

Source: Social Equity

SOCIAL SECTOR - SUB-SECTORS

1. Control of retirement funds

1.1 The biggest institutions of social ownership are the retirement funds, worth some R 500 billion. Retirement funds represent 35% or more of total savings and provide 60% of local finance to companies. They remain a major source of investment capital in the South African economy. Although the retirement funds are deferred workers' wages, workers have little influence over how they are used.

Policy Proposals

1. All retirement funds in South Africa should be required by legislation to invest at least 5% of their funds in prescribed assets.

2. Organised labour and other representatives of policy-holders of mutual insurance companies should be given representation on the governing structures of these companies. Presently these companies are nominally controlled by policy-holders, but in practice are controlled by their managers.

3. Unions can exert a more active influence over pension funds through the secured legislation requiring 50% worker representation on their board of trustees.

Source: September Commission

4. Community/union/employee-owned companies

4.1 Another mechanism of building the social sector is through the transfer of state or private assets to union or community trusts.

4.2 State enterprises could be wholly or partially transferred to community and employee trusts, cases in point being Alexkor or Safcol.

4.3 The IDC could become an institution which drives the transformation of publicly-owned industry in the following ways:

- Where IDC owns substantial stakes, it could compel companies to become model workplaces in terms of workplace democracy, union-nominated directors and profit sharing.
- IDC transfers of stakes, financing of, or investment in new companies, could be accompanied by a transfer of a portion of company assets to community or employee-owned trusts.

4.4 Companies which are threatened with closure could be placed in the hands of their employees or local communities. This would need legislative and financing measures to require such companies to explore this option, and enable employees to buy out such companies.

4.5 Since these models have their own advantages and disadvantages, it is desirable to experiment with different structures. This would allow us to meet different needs and to assess their advantages and disadvantages in practice. The guiding principles should be that:

- The goals of the social sector are broader than the simple accumulation of profit;
- The social sector is based on collective ownership;
- The inclusion of communities beyond employees.

Source: September Commission

5. Building a co-operative movement

5.1 Some of the socially-owned enterprises described above could take the form of co-operatives. One experience is that co-operatives tend to require a lot of resources whilst providing little jobs.

5.2 The NUM's Mineworkers Development Agency has instead pioneered a development strategy based on the co-operative provision of economic services to networks of self-employed former mineworkers. These services included transport, storage, bulk supplies, joint marketing and product development. SACTWU on the other hand, owns and operates a few clothing and blanket factories, established to provide employment for retrenched textile workers.

5.3 There may be scope for the development of a dynamic co-operative movement, building on the experiences of above projects. Such co-operatives could consist of formal sector factories, shops, mines or housing co-operatives or simpler activities of brick-making or T-shirt printing. *The Land and Agriculture Ministry has also initiated co-operatives which has led to the co-ownership of some farms. These could become an alternative form of "black economic empowerment".*

Source: September Commission

6. Collective Esops

6.1 Historically, Esops have been used by employers in South Africa as a way of co-opting workers by giving them shares individually. The number of shares were small so this did not give workers any voice in the company.

6.2 Alternative: We establish collective Esops where the shares are held in a trust under collective control, rather than by individuals (NUMSA and Samcor established such a collective Esop when Ford disinvested in the 1980's)

6.3 (*In the US, the Steelworkers have established collective Esops as a vehicle for employees to buy steel mills facing closure. Usually Esops own 100% of the companies. Esops also hold a danger of workers being co-opted into management goals or take responsibility for financing a failing company.*)

6.4 *Esops are not recommended for policy adoption, the proposal is that COSATU discuss whether collective Esops have any benefits for workers and unions.*

Source: September Commission

7. Support for the development of a social sector

7.1 If COSATU decides to support the development of some elements of the social sector, it will have to consider a number of support measures and institutions.

7.2 Legislation would have to provide support. Examples of this would be legal requirements for retirement funds to invest in prescribed assets; a legal framework for co-operative ownership; tax concessions for employee and community buyouts or for collective Esops.

7.3 Cheap financing and credit would have to be made available to support initiatives such as co-operatives or community-owned companies.

7.4 A variety of labour-linked, NGO or community-based support institutions would have to be established, to support pension fund trustees, socially-owned enterprises, co-operatives or collective Esops.

7.5 Union investment companies could play a role in assessing, financing and supporting socially-owned enterprises. This would mean transforming their role from profit maximising to supporting and expanding the arena of collective economic activity in the social sector.

Source: September Commission

SOCIAL SECURITY AND SOCIAL WAGE

Vision

1. COSATU's vision on social security and social wage derives from the overall vision of the Reconstruction and Development Programme. The RDP advanced the concept of 'developmental welfare' which entails the right to basic needs such as shelter, food, health care, work opportunities, income security and all those aspects that promote the physical, social and emotional wellbeing of all people in our society, with special provision made for those who have been historically disadvantaged. The RDP provides therefore a holistic and integrated vision for a new system of social security.

2. This vision is further cemented by the new Constitution (1996) which guarantees that: "Everyone has the right to have access to social security, including if they are unable to support themselves and their dependants, appropriate social assistance." The Constitution further extends fundamental rights to housing, education, health care, food and water.

3. The state is further obligated under the Constitution to "take reasonable legislative action and other measures, within its available resources, to achieve the progressive realisation of each of these rights.

4. South Africa has inherited a fragmented social security system, which was not based on comprehensive coverage for the population as a whole, but started as a social security net for mainly 'whites'. As a result of such discrimination, the amount of welfare going to Africans was considerably restricted. The low spending on African non-pension welfare primarily resulted from the exclusion of Africans from certain non-pension benefits, such as child maintenance grants.

5. Social insurance on the other hand is generally tied to formal sector employment. The coverage of social insurance schemes does not cover more than two thirds of the formal sector. A large sector of those in informal employment, and the unemployed are not covered. Moreover, the level of social insurance benefit is generally considered very inadequate. For example, in the case of the Unemployment Insurance Fund (UIF) an unemployed contributor can claim only 45% of his/her last wage.

6. Due largely to the lack of adequate social assistance and compulsory social insurance protection, many basic services and benefits are increasingly being provided through private employment related systems. There is also a bias against part-time and temporary workers. With the absence of publicly provided social security and income-earning opportunities, remittances within households play a de facto social security role. In particular, remittances play a decisive role in supporting the poorest households.

7. To reverse this status quo requires a comprehensive social security system in South Africa. Complimenting this should be the expansion of the provision of the range of social services such as housing, transport, water provision, health care, which improves workers' 'social wage'. Social wage benefits include those types of benefits that should be publicly supplied, even if they are currently privately supplied.

8. The development of the 'Social Welfare White Paper' was an important milestone and a step towards achieving this vision. However, the White Paper contains some serious areas of weaknesses where policy is indecisive and lacks a clear vision of the role of government in the provision of social security. In general, the White Paper does set out the correct objectives for the provision of social security, but it does

not map out clear strategy through which these objectives are to be achieved.

9. The development of a comprehensive social security system will have an impact on social development and economic development. First, social security is an important instrument in alleviating poverty. It provides economic security – at least to a certain degree, depending on the level of benefit. It gives individuals and households an income source they can count on. Secondly, social security improves the health status, the nutritional well being, reduces mortality and raises life expectancy. The nutritional and health improvements have a positive impact on overall productivity. The provision of income increases the demand on the market and therefore fosters the local economy. Further, a comprehensive social security fosters social integration, and thus contributes towards nation building and cohesion of communities.

Policy

1. Improve co-ordination in government

1.1 It is important that the Department of Welfare interfaces with other government departments in the development and implementation of social welfare policy. It should give recognition to the strong linkages that exist between social welfare and other programmes of government. For example, in addition to the co-ordination with the Department of Public Works on employment creation, there should be co-ordination with the Department of Labour regarding the restructuring of the UIF and with the Department of Trade and Industry on the development of social plans to assist workers in declining industries.

2. Restructure Social Insurance

2.1 While employers and workers may be required to bear additional costs of social security to reduce pressure on the fiscus, a one sided approach to this could lead to an increase in the non-wage costs of employment. This may act as a disincentive to increased job creation and result in the adoption of more capital intensive methods of production. It may also create an incentive for employers to seek to reduce their work force through outsourcing. Most importantly, coverage rates are low, for example, only 5 to 10 percent of the unemployed are covered through the UIF.

2.2 Other negative effects of providing social security benefits through the employment relationship could result in some severe distortions or market failures. For example, fast rising medical costs, fuelled by the fact that it is an employment related benefit – has the effect of pricing health care out of reach of the poor.

2.3 In COSATU's view, the transfer of a number of the non-wage costs of employment (such as health care costs) to public mechanisms (like the national health scheme) would amount to the introduction of a social wage – where the state sets up institutions which provide social security, thereby effectively subsidising part of the costs of the labour force. This could assist both as a launching pad in the creation of an effective social security net and in reducing non-wage labour costs.

3. Restructure Retirement Funds

3.1 Government policy should also play a role in restructuring those elements of social insurance, which continue to be funded through the contributions of employers and workers, like the pension and provident schemes. Instead of having over 16 000 retirement funds – many of which were started as tax avoidance schemes – government should embark on a programme to re-regulate these various schemes and move towards a consolidated national fund.

3.2 This focus will facilitate the implementation of the RDP commitment to introduce "social insurance which includes compulsory private contributory pension schemes and provident funds for all workers, and state social pensions." Social schemes usually only provide temporary assistance and work best where they are underpinned by social assistance. By filling the often large gaps in social insurance, social assistance ensures that the most vulnerable are catered for.

4. Extend the social security net

4.1 Re-regulation and consolidation of social insurance cannot be seen as a substitute for an extension of the social security net. Government policy should be clear on the need to extend the social security net beyond those who are in a position to benefit from employment-linked social insurance schemes. A commitment to extend social assistance would entail both (1) the extension of existing forms of social assistance (2) the introduction of new forms of assistance, particularly income support for the unemployed.

5. Fiscal Constraints

5.1 Despite the calls for fiscal cut backs, the reality is that poor South Africans cannot afford a real budget cut in social welfare expenditure. In fact, if the social security system is to be made more equitable, more resources are going to be needed in social welfare provision. The pressures to reduce welfare

expenditure flow from government's commitment to cut back the budget deficit as a proportion of the GDP. Macroeconomic policy should not undermine and constrain the introduction of a comprehensive social security system nor inhibit government development programmes. Such a policy framework must be changed if it undermines government development programmes and constrains the introduction of a comprehensive social security system.

5.2 COSATU believes that in order to prevent social security and welfare priorities from being hamstrung by rigid budget deficit reduction, quantified commitments or targets should be spelt out in government policy. These should outline clearly the vision for the extension of the social security net to all South Africans.

6. National Health System

6.1 South Africa has a population of over 40 million, 73% of whom are women and children. Although classified as a middle-income country and spending 8.5% of GDP on health care, South Africa exhibits major disparities and inadequacies. This is the result of former apartheid policies, which ensured racial, class, gender and provincial disparities.

6.2 The majority of the population has inadequate access to basic services including health, clean water and basic sanitation. Between 35 percent and 55 percent of the population live in poverty. All these factors combined have adverse effects on the health of our society, particularly historically marginalised communities.

6.3 Severe distortions and a general collapse in service marked the public health system. One of the distortions was that it was hospital-based with an emphasis on expensive curative tertiary care. The primary health sector was generally undeveloped.

6.4 Compounding this is the imbalance between the public and private health sectors. At present about 60 per cent of all health spending is in the private health sector, which serves only 23 percent of the population. Most health personnel except nurses work in the private sector (e.g. 60 percent of doctors and 93 percent of dentists).

6.5 The Ministry of Health has embarked on a programme to transform and improve the health system in South Africa. A set of policy and legislative initiatives has been undertaken. These include:

6.5.1 The Medicines and Related Substances Control Amendment Act. Given the excessively high cost of medicines in South Africa combined with poverty levels and a highly skewed distribution of wealth COSATU supported the central objectives of the Act which are to increase the affordability of essential drugs to all citizens; to promote good practice in the prescription and dispensing of drugs, and to develop the domestic pharmaceutical industry through increasing local production of essential drugs.

6.5.2 The Medical, Dental and Supplementary Health Services Profession Amendment Act. The Act's innovations are to provide for the restructuring of the institutions which govern the medical profession, and the re-regulation of the registration and training of health practitioners. In the main, the Act facilitates the introduction of vocational training and community service for medical students. While we supported the system of vocational training, COSATU proposed that government should go further and introduce a proper system of community service. Vocational training will mean that doctors will be deployed in accredited hospitals and health institutions, whereas community service will be driven not by accreditation but by the needs of the community wherever they may be. It is our belief that professionals who receive state subsidised training – including lawyers, engineers and accountants – should be required to contribute in a direct and meaningful way to the developmental needs of our country . COSATU should open discussions with government and the student movement (SASCO in particular) on how to extend community service to all graduates.

6.5.3 The Pharmacy Amendment Act: In terms of this Act, non-pharmacists will be allowed to own outlets licensed to sell medicines under the supervision of qualified pharmacists. The primary objectives of the Bill which COSATU supported are to increase the availability of medicines in outlying areas through allowing the increased penetration of medical supplies into these areas, and to provide protection to consumers of medicines by creating a regulatory framework such as the need for supervision by a registered pharmacist – in which the sale of medicines must operate.

6.6 In addition to these Acts, a "White Paper for the Transformation of the Health System was developed by the Department of Health. This White Paper charts the overall vision for the transformation and improvement of the health system. A National Health Bill is in the process of being developed and will give the vision contained in the White Paper legislative effect.

6.7 Complimenting this process will be amendments to the Medical Aids Regulation to reverse the irrational liberalisation followed by the previous regime. It further advances the vision of the RDP for the transformation of the health system.

6.8 The principles outlined in the RDP to underpin health sector strategies include:

- a. the health sector must play its part in promoting equity by developing a single, unified health system.
- b. the health system will focus in districts as the major locus of implementation, and emphasise the primary health care (PHC) approach.
- c. The three spheres of government, NGOs and the private sector will unite in the promotion of common goals.
- d. The national, provincial and district levels will play distinct and complementary roles.
- e. An integrated package of essential PHC services will be available to the entire population at the first point of contact.

6.9 The Department of Health has come under unprecedented attack from the vested interest in the health 'industry'. There is a need for the progressive movement, COSATU in particular, to defend the Ministry against such attacks and advance the programme of transformation.

6.10 COSATU's approach on the transformation of the health system is driven by the need to move systematically towards a public health care system away from private provision. The current imbalances where expensive private health care absorbs the lion's share of the resources, need to be reversed.

6.11 The shift towards primary health care to be delivered via the district health system (DHS), is an important advance in meeting the goals of the RDP. The DHS, working within a nationally coherent framework, will be more responsive to the needs of the community. The governance of the DHS remains an important issue to resolve. A clear role for local government vis-à-vis the district health system has to be spelt out. Secondly, COSATU should secure community and workers representation on Hospital Boards and Community Health Committees. These representatives of the people should receive relevant capacity building through training, and through allocation of necessary powers to make decisions.

6.12 Ensuring adequate resources i.e. financial, human and material resources necessary for the effective functioning of the system should protect the integrity of the DHS system. In this vein, the macroeconomic framework should support rather than undermine the health system. One of the practical means by which the macroeconomic parameters of GEAR impose severe constraints on the health system is the rigid adherence to budget deficit reduction. This places a cap on acquisition of human resources and other resources essential for the effective functioning of the system. Nowhere is this more clearly demonstrated than in the existence of non-operational clinics. Out of 576 new clinics built since 1994, 121 remain non-operational.

6.13 Fiscal federalism should also not be allowed to compromise the health system due to under-allocation of resources to health by provincial governments. A mechanism such as the extension of conditional grants for health to include primary health care should be developed to ensure that the national Department of Health has an influence and control over the direction of the health budgets in the provinces.

6.14 Further, the mode of service delivery in the public health system needs to be changed. We need as a federation to openly debate the attitude of the service providers, in particular the culture of providing services in manner which is not sensitive to the magnitude of the problems in the health industry. Our affiliates active in the health sector should be encouraged to lead a campaign to improve service delivery within the public health system in particular.

7. National Health Insurance Scheme

7.1 Guided by our overall vision to build the public health system, COSATU supports the introduction of the National Health Insurance Scheme. Our long-term aim is to move away from medical aid schemes towards a National Health Service, which provides comprehensive care for the whole population, employed, and unemployed, without distinction. This should be funded from general taxation, supplemented by additional contributions from workers and employers. We propose that each stakeholder – government, business and labour – contribute one percent towards the NHI.

7.2 It is vital that this contribution is levied on everyone in employment, with no exemption for members of medical schemes. The money raised must be securely earmarked for health and must not be offset by a reduction in the share of general tax revenue.

7.3 The percentage level of contributions should be set in negotiation in NEDLAC, with regard to potential impact on the cost of employment and level of employment. Exemptions should be considered with care, given the danger of locking workers into low wage ghetto below the cut-off point for contribution. Consideration should be given to a programme of gradual increase in the level of contribution, which

should still be substantially lower than those for medical schemes.

7.4 Any new system should be publicly administered and not sub-contracted to medical aid administrators. There are existing collection mechanisms for UIF and SITE / PAYE, which could be used for health. Administration should be streamlined as far as possible to minimise cost.

7.5 Public sector primary health care is already free at the point of service. Public sector hospital care will be free at the point of service (funded by a combination of general taxation and the NHI contributions). There will be no need for additional cover in the form of private medical schemes or private health insurance. These need not be abolished for those who choose to seek health cover in the private sector, but they should not be subsidised in the form of tax concessions, which should be gradually phased out. Progressive union-sponsored initiatives to provide affordable primary care in jointly funded schemes should be encouraged by appropriate concessions from state health authorities (e.g. access to essential drugs at low cost or free).

7.6 The special situation of the mining industry should be recognised. The industry has a substantial network of facilities, which should be retained and upgraded, to form the basis for family services in the areas around the mines. The historical debt to the rural areas, from which the mine labour force was and is drawn, should be recognised by a joint undertaking by the mining houses to assist the state in developing and supporting rural health services, which will care for the families of migrant miners and for retired and disabled miners who have returned to these areas.

7.7 In the medium-term, shifting away from medical schemes will require a massive educational programme within COSATU, given the:

- The decay of public sector services and the legacy of apartheid differentiation in access, facilities and funding;
- The experience of private sector services and association of quality with expense;
- Aspirations amongst members for improvements in their conditions of employment;
- The lack of clear political commitment to an NHS as the major provider of health care.

7.8 As part of our political programme to shift towards the public health system, COSATU and union leadership should commit itself to using public hospitals. Public sector unions should also commit themselves to encourage their members to use public hospitals and lead the campaign to improve service delivery.

7.9 In short-term, membership education on health care issues should start as soon as possible to dispel a range of powerful myths:

- More expensive care equals better care;
- Doctors are better than nurses (this is a serious problem, given the 'nurses-based' approach to primary health care in state policy), and specialists are better than doctors;
- The more drugs the better;
- The more expensive the drug the more powerful it is.

7.10 Approach to medical aid schemes

7.10.1 The shift away from medical aids will require a shift of emphasis in organisational priorities. This will require the Federation not to devote resources and time to tackling problems with them in the interim. However, this has to be weighed against the practical problems of members' demands and complaints. Affiliates may need assistance in responding to demands from their membership for assistance in selecting a medical aid or dealing with problems in an existing scheme.

7.10.2 Further, COSATU should support the efforts for the Minister of Health to re-regulate the private sector, especially medical schemes. In the White Paper on the Transformation of the Health System in South Africa (p.51), it is envisaged that a set of regulatory mechanisms are required to reverse the recent deregulation of the private health insurance market, which has resulted in serious instability, increasing costs and reduced coverage:

- a. Medical schemes may not exclude an individual on the basis of health risk. Contribution rates for the full package of benefits will be set according to income and number of dependants.
- b. Medical schemes are obliged to continue providing health benefits to continuation members (i.e. pensioners, widows, widowers), and to individuals for a limited period after their becoming unemployed. In addition, the practice of transferring private patients to public hospitals once their medical aid benefits are exhausted should be discontinued.

7.10.3 In addition, COSATU needs to investigate measures to prohibit medical aid membership as a condition of employment. This would give workers the opportunity to choose between the NHI and being

members of private medical aids, unlike when medical aid membership is compulsory.

7.10.4 COSATU should continue to engage with the Minister of Health and conduct further research where necessary on how best to introduce the NHI.

Source: COSATU Submission on the White Paper for the Transformation of the Health System in South Africa, COSATU Submission on the Medicines and Related Substance control Amendment Bill, the Medical, Dental and Supplementary Health Services Profession Amendment Bill and the Pharmacy Amendment Bill, Constitution of the Republic of South Africa (1996), Reconstruction and Development Programme, Developing a Social Wage Programme for South Africa", Ravi Naidoo's input at the COSATU Policy Conference (May 1997), COSATU Submission on Social Welfare White Paper (1996).

8. Public Housing

Problem Statement

1. COSATU notes the slow rate of the present housing provision. It is clear that with the housing shortage estimated at 2 million units, the present rate of housing delivery is unacceptably slow. Even a doubling of the rate of housing provision would fall short of a target, which can realistically be met, providing the right policy instruments are in place. The country cannot afford to think in terms of quantitative growth over previous housing delivery. We need to set our sights on realising the vision of a qualitative leap contained in the Reconstruction and Development Programme, that is, the massive delivery of houses during the first five years of the democratic government.

2. The fact that resources are available for housing development (the roll-overs in the last two budgets of the housing department and billions of rands are available from private financial institutions), but that delivery is failing, is an indication that the general thrust of government housing policy requires immediate reassessment. Such a revision should also be informed by the fact that, in terms of the new Constitution, government will be constitutionally obliged to provide housing for its citizens.

Key weaknesses in present housing policy

1. Housing policy as contained in the White Paper is in effect market-driven and state assisted. COSATU is calling for a system that will be state-driven and market assisted. Housing policy focuses primarily on the creation of "a normalised housing market" in order to encourage the participation of the private financial institutions in financing investment. To achieve this, various mechanisms envisaged in the White Paper are designed to encourage, and in effect subsidise, the participation of private financial institutions in the housing programme. Instead of the private sector participating in the public housing programme on terms determined by the needs of the programme, the programme is effectively being shaped by the needs of the private sector.

2. In our view, the focus on private financial institutions has meant a one-sided emphasis on personal home ownership as the primary form of tenure. As a result the plight of the majority of homeless people, who are unable to afford the high monthly repayments associated with home ownership, will not be addressed. Envisaged subsidies are likely to prove inadequate for most homeless people. Nor would the subsidy route alone, even if increased, provide the solution to the housing crisis.

3. Already there are clear signs that the reliance on the private sector financing mechanisms is not capable of stimulating mass delivery. This is despite the private financial institutions' undertaking with government with effect from June 1995, that 50 000 loans would be made available to the lower end of the housing market. The fact that so few loans have been extended to the lower end of the market begs the question as to how many of the frequently referred to 34 000 housing units provided over the last few years were in fact as a result of low cost housing projects and how many were simply commercially viable ventures not in need of state intervention. This perspective focuses even more sharply on the private sector's failure to facilitate delivery to low income earners.

4. This raises a broader question of the accurate number of houses that have been built over the past four years of the democratic government. There is an absence of reliable information on this issue because government relies on the number of subsidies approved to calculate the number of houses built. This is problematic as some of those accessing subsidies purchase already existing houses.

5. Furthermore, reliance on private sector institutions also creates a situation where these institutions are in a position to hold government to ransom as they press for better incentives, subsidies or tax concessions. In particular, private financial institutions are to be supported by a number of mechanisms, which will amount to the subsidisation of this sector in order to encourage its funding of housing projects. An effect of this is to encourage the predominance of individual ownership as the preferred form of tenure, because it is through this form of tenure that financial institutions make money.

6. Present policy also favours the financial sector over other private sector enterprises, such as those involved in construction and the supply of building materials. As long as work is in progress, builders and materials suppliers stand to gain just as much regardless of whether they are contracted to work by the state directly or whether they are contracted via an elaborate funding mechanism negotiated between the state and financial sector.

7. If, on the other hand, construction does not take-off because the funding mechanism is inappropriate for funding of mass housing, then the building and materials supply sectors, and their potential for employment creation, will be in a worse position than they would have been if the state had contracted them directly. In any event, the construction companies and material suppliers should take steps to contain costs so as to keep down the purchase price of low cost housing

Vision

1. Besides bringing dramatic improvements to the quality of life of millions of people, a successful housing programme will play a vital role in generating employment and creating possibilities for increased economic development. A programme of mass housing will provide the jobs, and related demand stimulation, which will mean an expanded market as more people are able to purchase manufactured foods and an increase in productivity associated with the stability of living in a home. Mass housing will therefore stimulate both demand-led growth, as well as being an important element of the process of modernising and restructuring our industrial base. The combination of these factors will provide the crucial springboard needed to put our economy on a new growth path.

Policy

1. Government should both transform the terms of its partnership with the private sector in housing, and broaden its housing programme to include the immediate provision of public housing, on rental and purchase basis. The programme should be budgeted at R10-R12 billion per year and should be financed over three years from three major sources:

1. From the fiscus;
2. From the private sector through a 5% levy on pretax profits; and
3. From workers and policy holders (through a prescribed investment requirement on the pension and assurance industry, of 5%).

2. Through such a programme 300 000 housing units could be built in each year for three years, resulting in the creation of an estimated 350 000 to 550 000 jobs. The resultant expansion in consumer demand would help boost the manufacturing sector and the economy in general.

3. A new Housing Parastatal, together with an appropriately structured National Housing Finance Corporation, should be mandated by government to take responsibility for direct state intervention in housing construction and property management. The function of this parastatal would be to co-ordinate the following from a central point, while making use of existing structures of provincial and local government in order to facilitate delivery:

- Manage current government and parastatal housing stock;
- Build new housing stock, both for purchase and rental;
- Manage newly built housing stock, for example the collection of rental;
- Manage the process of subsidy applications and allocation;
- Establish financing mechanisms, for long term viability.

4. There should be emphasis in the policy direction to target poor households through direct government intervention in housing construction and management and in related public works programmes. Focus on the concentration of market failure may be a necessary component of housing policy, but in COSATU's view such policies do not on their own provide a sufficient framework to ensure mass based housing delivery. This does not completely reject the approach of attempting to create institutions which will steer the private sector and its financial institutions into the housing market in order to expand it, but it is an assertion that if this approach forms the main thrust of government's housing programme, the vast majority of poor households stand to gain nothing.

5. In order to avoid this problem, COSATU proposes that housing provision should advance on two legs:

- 5.1.1 Firstly, the state must target poor households. Government should develop a new policy, which aims to provide assistance to poor households, generally those households with an income of less than R1500 per month. This focus is necessary because it is doubtful whether these households, comprising about 70 percent of the population, will be in a position to secure adequate financial assistance through private financial institutions, combined with a government subsidy.

Direct government assistance would entail the state contracting directly with the private

sector in order to secure the construction and provision of services for mass housing. It will also entail the implementation of employment creating public works programmes to play a role in construction and the provision of infrastructure and service. Newly built government housing stock should then be made available for rental or should be sold to poor households on more favourable terms than those offered by private financial institutions. In addition, government needs to revisit both the type of houses that are currently being built and accessibility of land for housing.

5.1.2 Secondly, private sector provision must be transformed. Poor households with a monthly income of over R1 500 and less than R3 500 comprise an estimated 17,4 per cent of the population. These households, on paper, should be more likely to be in a position to purchase a new house, as opposed to renting, as they have sufficient disposable income to benefit from the combination of government subsidies and loans from private financial institutions.

In reality, many households in this income range are being denied access to finance. This poses the challenge for government to take effective action to unlock delivery of finance by private sector to lower income groups. Measures need to be introduced to regulate interest rates charged for low cost housing. Further, government needs to consider measures to compel financial institutions to advance a certain proportion of their loans for the purpose of low cost housing. Failure to introduce such measures to curb the untrammelled power of financial institutions will lead to increased public pressure for wholesale state intervention in this sector, as happened in a number of the 'Asian Tigers'.

5.2 It is important to note that this does not suggest that the R1 500-R3 500 income group should only be catered for through the subsidised housing market. They would clearly also have access to public housing stock. The buying of houses through the subsidy scheme would be an additional option open to them. This two-legged approach would have a number of implications for financing. It will allow for a more targeted use of government subsidies, as these will be used primarily to assist households in a position where they can consider purchasing a new house. It will also allow for the more focussed use of funds raised from the fiscus, business and labour on direct housing, infrastructure and service provision by the state and related public works programmes.

5.3 The principle should be established that all forms of state assistance to private financial institutions, such as the MIS, PIPs (Property in Possession) and SERVCO (Service Organisation) should be transparent so to avoid the problem of hidden subsidisation of these institutions. Whether there is an on-going need for these mechanisms should be reassessed at regular intervals, particularly if, as it is proposed, they are used to support the more commercially viable end of the housing market.

5.4 Housing policy should also integrate, encourage and support community initiative to build houses. In this vein, COSATU supports the establishment of housing brigades and cooperatives to help fast-track housing delivery and therefore address the backlog. However, the fears of job losses that may arise from workers in this sector need to be taken into account, and for this reason we commit ourselves to conscientise society, including workers, around this need.

5.5 We commit ourselves to building broader alliances and revitalise our relationship with SANCO and similar bodies to achieve this vision. COSATU needs to develop a clear programme of action on housing delivery around which to galvanise society. This programme should serve as the basis for strengthening the position of COSATU negotiators at NEDLAC. This programme must concretise our support for the Masakhane campaign. The Masakhane campaign is critical for it promotes broader partnership with the community on service delivery and payment for social services. Payment for social services should be encouraged as such revenue can be channelled into housing delivery. However, the Masakhane campaign should not be conceived narrowly as a people-must-pay campaign, improved service delivery and partnership with the community should also be emphasised.

5.6 Another element of the programme is engagement with housing legislation and policy. COSATU should continue to interact and meet with the Minister of Housing to ensure that our vision is taken on board. Other elements of the programme for engagement include:

5.6.1 A series of meetings should be held with all institutions responsible for or concerned about housing delivery. This could involve the construction companies (big and small), financial institutions and those involved in community projects, for example, community-based public works programmes. The following issues can be addressed in such forums:

1. Special rates for people with housing needs,
2. Assistance programmes for those wanting to access state tenders for housing delivery purposes;
3. Joint programmes of land identification for the delivery of housing;

4. Determination of the percentage of rental housing needed;
5. Clearly defined protocols for accessing housing to prevent favouritism and corruption;
6. Time frames for housing delivery;
7. Establishment of community based Housing Brigades; and
8. Establishment of Housing Parastatal to fast track housing delivery.

5.7 Government needs to take steps to prevent profiteering in the industry. To achieve this objective, vigorous competition should be encouraged, for example, through an acceleration of the dismantling of the cartel amongst the large cement suppliers.

Source: COSATU Submission on Housing Policy and May 1997 Policy Conference

9. Public Transport

1. COSATU needs to develop a clear policy on transport, given its centrality to economic and social development. COSATU should adopt the TGWU workers vision policy as the basis for discussion towards developing a COSATU policy on transport.
2. COSATU needs to endorse the eighteen quality of life objectives ranging from safety and security to human resource development, and reaffirm its commitment to the six pillars of the Social Equity document. These range from job creation to economic development and worker rights. All these factors should underpin COSATU's transport policy.

3. State owned transport system

3.1 COSATU reaffirms its support for the need for a state-owned and not market driven transport system. We therefore reiterate our belief that government should invest in public transport, ensure that it is affordable to the poor and the workers and is accessible to the rural communities.

4. Mass transport

4.1 The policy developed should be capable of coping with the mass transport system on which the majority of people depend. This transport system should be safe, free of violence and corruption. To this end government initiatives to uproot corruption must be encouraged and supported, e.g. the uncovering of car licences issued outside of policy or not complying with the established procedure for licensing.

4.2 COSATU notes some of the existing transport policy in the municipalities.

4.4 We need to form a special COSATU core team to meet urgently with the Minister of Transport to discuss the best ways of effecting a viable public transport system. This should reinforce the NFA process.

4.5 Government should convene a special and urgent national stakeholder gathering or conference to discuss public transport delivery.

4.6 A group of volunteers should be established throughout the country to collect views or opinions of ordinary citizens, including the working class, regarding transport delivery. Alternatively, a referendum should be conducted throughout the country on this issue.

5. Taxi Industry

5.1 COSATU supports the process towards the formalisation and therefore regulation of the taxi industry. COSATU should develop a discussion document on the taxi industry for discussion and adoption.

5.2 The above policy should seek to address among other things, the plight of taxi drivers with a drive towards decent working conditions, the shrinking of the bus industry with the introduction of mini buses, regulation of the industry and other problems associated with the industry.

5.3 A conscious campaign to recruit taxi drivers should be embarked upon at the level of the federation so as to defend their rights as workers as per the Basic Conditions of Employment Act, 75 of 1998.

5.4 In the meantime, government inspectors should be asked to investigate the conditions of these workers and produce a report to the relevant ministers.

Source: 1997 May Policy Conference

6. Education

Vision

1. We re-affirm our commitment to work for single non racial and non sexist education and training system geared to meet the needs and aspirations of society as a whole. Apartheid education and training was an instrument of white domination and we are committed to:

1. Destroying all forms of apartheid, open and disguised in the current education and training system.
2. Curricula which develop literacy, numeracy and the ability to think critically.
3. Free and compulsory schooling for children.
4. A formal education system which is not purely academic but is geared to providing scientific and technology skills which can contribute to the development of our country.

2. Our objective in education and training should remain in line with our political vision of the attainment of socialism, and we should ensure that skills acquired through education and training empower the working class and the society at large to participate actively in shaping industrial, economic, social and political processes.

3. The education and training system should be designed to contribute towards the processes of:

- Building national unity.
- Addressing class, race and gender inequalities and imbalances.
- Addressing power relations and class contradictions locally and internationally.
- Promoting economic and social development and combating poverty.
- Promoting the self image, dignity and cultural heritage of the oppressed.
- Effective utilisation of human and material resources.
- Promoting career-pathing.

Policy

1. Institutional Transformation

1.1 COSATU welcomes the constitutional statement on education and the legislation that has since been drafted to make the constitutional provision a reality. This includes the Higher Education Act, the School Act and Skills Development Bill. COSATU must ensure that these important pieces of legislation meet the following requirements for fundamental transformation and transformed institutions:

- Representivity in the institution.
- Roles and functions.
- Powers and authority.
- Resources and
- Capacity building.

2. National Standards

2.1 Standards should be developed which address issues as spelt out in our vision and objectives these will include:

- Quality
- Portability
- Norms and Values
- Accreditation

3. Curriculum

3.1 The Curriculum should be designed in such a way that it integrates the theory and the practice of learning. Most important is the context within which the curriculum is developed for the following objectives:

- Africanisation of the curriculum
- Facilitation of further learning
- Promotion of norms and values which are indigenous.
- Promote the culture of teaching and life long learning.
- Is outcome based.

4. Accreditation

4.1 The accreditation should be as measuring tool to institutional competency delivery. It should be used to address the following:

- Quality
- Articulation of programs

- Maintenance of standards
- Certification
- Portability of learning acquired between institutions

5. Certification

5.1 All certification should comply with the requirements of the National Qualification Framework with regard to levels and the South African Qualification Authority with regard to maintenance of standards and must have the following features:-

- Unit standards based
- Facilitate portability
- Career path
- Internationally recognised
- And be career oriented.

6. Access

6.1 In order to extend the benefits of these changes to the majority of the society at large, a range of initiatives are required for improving access arrangements to formally structured education and training programmes. Among the most important of these are:-

- Education and training leave
- Recognition of prior learning by institution
- Grants and support for the duration of training
- Child care facilities (in particular for workers)
- Flexible and multiple entry and exit points
- Modular based courses

7. Educator /Trainer Development

7.1 The implementation agency and the success of the system is dependent upon a proper/structural training being developed for the trainers/teachers. Resources should be made available for this purpose.

Source: 1991 and 1994 National Congress – additions by Secretariat

Communication

8. Retirement Funds

The biggest institutions of social ownership are the retirement funds. Worth some R500 billion, a large part of their assets consist of worker's deferred wages in the form of savings for retirement. Retirement funds represent 35% or more of total savings in South Africa and provide about 60% of local finance to companies. The retirement funds are the major source of investment capital in the South African economy and own a substantial stake in hundreds of companies.

8.1. Private retirement funds

8.1.1 Unions must exert more active influence over pension funds, having secured legislation requiring them to have at least 50% worker representation on their Boards of Trustees. This also provides union trustees with the opportunity to exert active influence over the companies in which the retirement funds are invested, with the aim of enhancing company governance, investment policy and social responsibility.

8.1.2 COSATU should develop a clear policy on retirement which will benefit the most vulnerable, i.e. farm workers and domestic workers. The government should be encouraged, through its social security net, to contribute to these funds.

8.1.3 The Federation and the unions should develop a clear policy on how surplus should be distributed amongst the members of the fund whilst at the same time making sure that funds remain financially stable. The question of surplus percentage required by the law should be reviewed.

8.1.4 The Federation, together with the unions, should develop a policy which addresses the question of lump sum withdrawals and monthly pensions from the provident fund. In addressing this problem the principle of freedom of association by members of the fund should be taken into account.

Source: Social Equity, September Commission, Policy Conference 1997

8.2. State Old Age Pension

Social assistance is a non-contributory benefit that accrues to a citizen. The most important current

benefit is the government old age pension that supports the large section of the rural populace and is South Africa's largest and most redistributive income transfer. It goes to about 1.6 million people and their dependants.

8.2.1 The Federation should engage in policy discussion with the state with a view to influencing the level of pension payments to the aged, dependants and the means test which is being used.

8.2.2 Administrative issues pertaining to method of payment, retirement age and eligibility age should form part of the engagement process with the state.

8.3. Government Employees Pension Fund/Public Servants

8.3.1 Funding of the government employees and public servants pension funds by national government departments should be reviewed in relation to contributions of members and the state into the fund as a means of encouraging ownership by employees.

8.3.2 Taxation of public sector benefits as it is presently applied should be reviewed with a view to maintaining similarities pertaining to taxation of the private funds.

8.3.3 Disparities which exist between private and public funds with regard to contributions to the funds by members and the state and withdrawal benefits which are not linked to contributions by members and retirement age must be rationalised.

8.4. Industry Funds and Workers Benefits

8.4.1 Lump-sum versus pension: The lump-sum from provident funds was achieved through the workers' struggle and it must therefore be the right of workers to choose.

8.4.2 No legislation should interfere with this choice.

8.4.3 Workers must be able to transfer their savings from one fund to another if they so choose.

8.4.4 Tax must be used to encourage industry funds to investment in the RDP.

8.4.5 There must be a top-up system to compensate workers for the recent tax changes regarding retirement funds.

8.4.6 We need to do research into union funds already existing to assist the implementation of the industry fund.

8.4.7 It is important that COSATU influence the training of the worker trustees on the Boards to ensure that they take forward union issues. This needs urgent attention because private companies are already providing this training without union influence.

8.4.8 Unions should have representation in Mutual Funds such as Old Mutual.

8.5 Investments

8.5.1 The Funds should move from short term returns to looking more at long term returns.

8.5.2 This means that social investment must be incorporated into funds investment choices.

8.5.3 We should reject off-shore investments in favour of investing in SA (domestic investment).

8.5.4 The union funds should take the lead in prioritising social investment.

8.5.5 Prescribed assets requirements should be reintroduced. Prescribed assets should go into a centralised RDP fund controlled by workers.

8.5.6 10% of assets should be prescribed. During the apartheid era the figure was 53%.

8.5.7 To the extent that other RDP stakeholders contribute to the fund, they should also be represented in the structure.

8.5.8 The state has an obligation to meet RDP goals from its own budget.

8.5.9 Surplus assets of funds belong to members and not to employers.

8.5.10 An earlier decision to set up a COSATU administration company for these funds must be implemented.

8.5.11 As a matter of urgency, COSATU should call a meeting to consider a National Retirement Consultative Forum.

9. Maternity benefits

9..1 We reaffirm our position that the maternity leave period should be 6 months and should be paid

9.2 The linkage of maternity payment & leave period in the negotiations should be handled carefully.

9.3 UIF to pay maternity in full.

9.4 Guarantee of employment to women who go on maternity leave.

9.5 The fund should also cater for adoptive parents.

10. Childcare

10.1 Over 5 million children (90% of total), mostly from poor communities, are without formal care. This strongly disadvantages these children in later schooling, and contributes to the skill disparity between races. Childcare provision is a labour intensive service (about 275 000 potential jobs) and would contribute to the economic emancipation of women. Poor quality backyard crèches which workers pay towards childcare is currently provided by the unemployed.

10.2. Childcare is a family responsibility that should be recognised and be paid for by the employer, including childcare leave for workers, including the right for time-off to attend to social activities that involve their children.

10.3 Unions should negotiate with employers to contribute to or build childcare facilities at workplaces (taking into account the dangers of hazardous environment), which will enable parents to be close to their children to ensure their healthy upbringing.

10.4 Employers should provide resources to ensure childcare facilities are adequately resourced, including competent staff. These facilities shall be controlled by workers and the community which is being served by these facilities.

11. Water Provision

Nothing has been written in this section, we invite inputs from Affiliates.

RESTRUCTURING THE PUBLIC SECTOR

Vision

1. The public sector is the main way for people's rights enshrined in the Constitution to become a reality: access to housing, health care, education, food and water, transport and a social safety net.

2. The public sector is a major economic agent in our economy and a development tool. It is a major consumer and producer of goods and services, and a major investor.

3. The public sector is a major employer. Given high unemployment, we reject the idea of a lean state. The public sector should become a model employer by closing the wage gap, providing training and skills, using labour intensive technology where possible, and establishing workplace democracy and participation.

4. There should be greater decentralisation within government institutions. This will enable managers and workers at grassroots level to produce a dynamic, effective and responsive public sector.

5. Public sector-private sector partnerships (PPPs) are important for reforming and strengthening the public sector, getting investment and skills for expanding the public sector, transforming the private sector and managing the market. Labour and government should shape these partnerships towards socialising private capital, technology and management expertise, rather than privatising services. Private partners' performance should be assessed according to social goals such as service delivery targets. Criteria should include union recognition, labour standards, training, workplace democracy etc.

We reject the argument that most state services or providers of public goods should be privatised in order to be efficient. Private operators demand profits, which adds to the cost of services.

Our approach should be guided by the following:

1. Sectors that address essential needs should remain within the public domain, for example water, electricity and key local government services;
2. Sectors that are essential for meeting basic needs, but that are dominated by the private sector, should be brought into the public arena, for example housing, public transport and waste removal;
3. The public domain could be expanded in some services, for example education and health;
4. In certain sectors compromises can be made, but should still be controlled by the state, for example Telkom and SABC.
5. Strategic sectors such as ports, energy and development finance institutions (DBSA, IDT) should be owned and controlled by the state.
6. The level of services and activities we want should determine the public sector's size. Transformation of the public sector needs investment, not across-the-board budget cuts. Any cuts must be part of a plan to re-prioritise public sector spending.

A national strategy for the public sector

COSATU should:

1. Adopt a proactive unionism approach to public sector transformation. This will involve building a public sector that can deliver efficiently and effectively while defending the interests of public sector workers.
2. COSATU and affiliates should engage with the process and try to lead by co-owning the transformation project. This means taking responsibility for co-managing transformation, including taking into account budgetary constraints, redeployment, retrenchment of ghost workers and improving productivity and service delivery.
3. Develop a bold vision of a transformed public sector and develop a more concrete and specific vision for each sub-sector.
4. Develop a common vision and programme for public sector transformation with its Alliance partners;
5. Dedicate its top leadership to this issue.
6. Ensure that government projects a new positive vision of the public sector's role, with reform rather than privatisation as the central thrust.
7. Empower its local and regional structures to engage with the relevant Alliance and government structures on public sector transformation at the provincial and town council levels.
8. Adopt the goal of a large, motivated and modestly-paid public sector.
9. Develop criteria for procurement and PPPs, demand representation on all structures that take decisions on this and train representatives to be effective. The aims of this include extending labour standards, workplace democracy and training. Options for partnerships with NGOs and community or worker-based cooperatives should also be investigated.
10. Investigate an Alliance campaign to draw up a Citizens' Charter on the public's right to effective service delivery.
11. Consider drawing up a code for public servants, which demonstrates our commitment to transformation and delivery. This could be based on NEHAWU's code. A code should also place obligations on management and government.

Strategies for various sectors

1. COSATU's public sector affiliates should develop a vision for their sub-sector and a concrete programme to achieve this, with specific goals and timeframes. This would form the basis for mobilisation, alliances or negotiations. COSATU should participate in this process.
2. Each public sector affiliate should develop policy on PPPs its sub-sector.
3. Public sector affiliates should develop guidelines for union rights in the workplace, for transformation forums, and for workplace democracy.
4. Public sector management should set criteria for devolving authority to local institutions, for example a hospital. Public sector affiliates should ensure these include workplace democracy, union rights etc. Devolution of authority should not be allowed to undermine centralised bargaining.
5. Public sector affiliates should develop policy on grading, work organisation, training and career paths for their sectors.
6. COSATU should coordinate all affiliates with members in parastatals in developing a vision and spearheading a strong negotiating programme with government. This should form part of the Alliance programme.

Institutional transformation

Apart from broad public sector transformation and sectoral transformation, it is important to also develop and implement strategies for transformation at the micro-level — the hospital, the school, the local police station, town council and post office.

This should include the following:

1. Each public sector affiliate should target certain local institutions in its sector for developing a model for transformation.
2. Affiliates should help shop stewards in these institutions begin discussions with their members, and consult other employees and managers, with the aim of drawing up a programme for transformation and improved service delivery.
3. This programme should be taken to the transformation forum and negotiated with all stakeholders. It could also be a basis for negotiation with the relevant government department.
4. COSATU and affiliates should ensure community involvement in shaping the transformation programme.

Capacity building

Public sector unions and COSATU lack the capacity to take forward all the above proposals in a consistent way.

1. Public sector affiliates should develop policy on transformation in general and, more specifically, on staffing levels, work organisation, grading, training and career-pathing, and workplace democracy.
2. Affiliates need to develop experience and expertise in implementing transformation policies. Every affiliate should set up a project team to focus on transformation in its sub-sector. This team should identify issues and drive the transformation programme at micro-institutional, sectoral and provincial levels. This should include targeting a small number of workplaces or institutions for pilot projects. The project team should include national, regional and local officials, and shop stewards.
3. COSATU should build capacity to develop policies on tendering, private sector partnerships, and train representatives in the relevant structures.
4. COSATU should continue to work with NALEDI to develop strategies on restructuring state assets. Its focus should be on parastatals and industrial strategy, service delivery, the role of PPPs, appropriate forms of privatisation, stakeholder participation and workplace democracy.
5. Coordination should be developed within affiliates, across public sector affiliates and across all affiliates dealing with parastatals or state assets. COSATU should also develop its coordination capacity in relation to the public sector at national, regional and local levels.
6. The Alliance is a powerful resource for COSATU. COSATU should focus on building the Alliance around a public sector transformation programme.

Source: September Commission

Sustaining and Building the Public Service

Policy Proposals

South Africa cannot afford to discount the role of the public service in developing its employment strategy, and the public service in South Africa needs to be fundamentally restructured. Creating the conditions for a sustainable public service will pave the way for public sector job creation and retention.

Policies which should form part of an overall employment strategy:

1. *Create the conditions for sustaining the public service.* This should not mean rolling back the size of the public service. Lower interest rates, restructuring the taxation system, and reducing the burden of the apartheid debt are all policy measures which can dramatically increase the sustainability of the public service.
2. *Restructure the public service.* The structure of the South African public service must be changed so as improve the quality of public employment. Employment equity policies within the public service should serve as a model for the rest of the economy. Training and building a stronger skills base should be on-going for public service employees. Hierarchies within the public service should be collapsed and the wage gap should continue to be narrowed substantially. Equal access to employment opportunities must be ensured and the degree of employment security increased. Finally, a solid system of management accountability must be put into place to assure an efficient delivery of resources.
3. *Resources need to be re-deployed to decrease the number of those employed in unproductive functions,* and increase the number of those involved in service delivery.
4. *Participatory medium-term expenditure planning.* The evolution, development, and extension of the public service requires the creation of effective planning instruments and budget processes. The need for a multi-year planning tool to ensure the effective development of the public service must be recognised, and an alternative medium-term budget framework developed in which employment creation is directly incorporated.
5. *Focus on local government.* The roots of the financial crisis in local government must be investigated and addressed to prevent further erosion of the situation.

Source: Labour proposals to Job Summit

Local government

1. COSATU should ensure that the state invests in rural areas.
2. Local authority budgets must be restructured to address the historical imbalances of the past.
3. Alliance structures must be involved in the LODs and monitor progress in local government.
4. Local government remuneration must be looked at within a broader context, for example, it should be compared to private sector remuneration. At the same time inflated salaries of local government officials may have a negative effect on local/municipal development. Salaries should be weighed up against the need to promote local development.
5. Local authorities should set aside money to develop both staff and councillors to address the skills flight that may be possible with the above position being adopted.
6. Local government funding must be reviewed to fall in line with the needs of a democratic state.
7. Exodus of ex-unionists to local government must be located within the context of state transformation.
8. There is a need to address the question of deployment of cadres from the labour movement to advance the state transformation programme.

Source: 1997 May Policy Conference

State Asset Restructuring

Policy proposals

1. COSATU should consider SAMWU's proposals on alternatives to privatisation. This should be looked at within the context of the COSATU existing position on the Restructuring of State Assets.
2. COSATU calls for a moratorium on wholesale privatisation.
3. In considering state asset restructuring, *a sectoral approach is needed and the linkages between state asset restructuring and industrial policy more fully explored* (e.g. restructuring of Transnet must take transport policy into account). Such an integrated approach to restructuring will ensure that economic development is directly linked to employment creation objectives. Restructuring of enterprises must also be approached in a holistic manner, and not on an individual basis.
4. Clearly when restructuring state assets, the government must play a critical role. *Whether interventions require state ownership should be determined for each enterprise within an integrated framework. Restructuring of state assets can be directly linked to job retention, job creation, and job enhancement objectives.* Elements of a restructuring programme which promote these goals include:
 1. *Employment equity.* In restructuring state enterprises and parastatals, ensuring employment equity and affirmative action within the organisations can be used to improve access to jobs.
 2. *Investment and training.* Retrenchments should not be used as a tool for improving productivity and the performance of state enterprises. Instead, capital resources must be mobilised within a medium-term time frame in order to re-tool South Africa's public corporations. Training of employees should occur to ensure that the skills-base of these institutions is also restructured.
 3. *Employment impact assessments.* All restructuring processes should be required to produce a medium-term (4 - 6 years) assessment of the impact of the proposed restructuring on job retention and creation, produced by an independent agency. The proposal must then be modified accordingly. This should include private sector suppliers and other PPP's.
 4. *Job retention and employment security policies.* As part of the restructuring process, an explicit policy statement of how the restructuring proposal will contribute to job creation or ensure job retention must be developed. A social plan must be provided where retention is regarded as impossible.

Source: Labour proposals to Jobs Summit and 1997 May Policy Conference

THE ALLIANCE TRANSFORMATION AGREEMENT AND THE TRIPARTITE SOCIAL ACCORD

1. The Alliance National Agreement or Programme

Vision

The Alliance needs two things:

- Firstly, a popular transformation programme that is aimed at taking the RDP forward, with clear strategic priorities, broadly supported by other progressive social forces and able to achieve political hegemony in society.
- Secondly, the organisational capacity and political will to drive this popular transformation programme in such a way that it can unleash a sustained mass mobilisation and participation in the transformation process.

The RDP remains the transformation programme of the Alliance. What we need now is to agree on a coherent strategy for implementation. This strategy needs to be based on the identification of core areas which constitute our strategic priorities in our qualitative move towards a comprehensive implementation of the RDP, particularly in the socio-economic sphere. These core areas should not be a wish-list, but a carefully thought-out identification of strategic areas which, if implemented, will tilt the balance of economic power in favour of popular democratic forces.

This strategy should give the emerging national democratic state and supporting institutions strategic leverage over areas of investment, production and service delivery. The combination of supply-side measures to boost production and industrial performance; the effects of rising demand in the economy as a result of improvements for the majority; and mechanisms by the state to target investment in job creation, would all be part of this coherent strategy to reduce inequality and attack poverty. Fiscal and monetary policies, transformation of public service, restructuring of state enterprises and labour market policies would all be realigned to facilitate the implementation of this strategy. Instrumental to the success of this strategy is the need for a strong social security that is part and parcel of the creation of a social wage. At the same time, they should raise effective incomes and create basic services for the poorest 70% of the population.

Proposal

1. Processes and mechanisms

1. The Alliance should reach a National Agreement on strategic issues regarding transformation, as well as a programme to implement these at different levels of government and civil society. The Alliance should openly mobilise people for the popular implementation and defence of the agreed programmes in Parliament, at NEDLAC and in other spheres of governance.
2. The Alliance National Agreement would spell out what the priority tasks of social transformation are, and what strategy is needed to carry out these tasks. To be viable, this would need an integrated policy package and institutions that would lay a solid platform towards a comprehensive implementation of the RDP.
3. This approach involves collective decision-making and shared responsibility. It requires a high degree of co-ordination and on-going consultation in order to ensure that the process is managed effectively, given the fact that there will, from time to time, be differences in nuance and approach.
4. This process will be driven by a political centre that includes national leadership of Alliance partners who will have to meet from time to time with Ministers. The same process should happen at provincial and local level.
5. The Alliance Agreement will be used to mobilise popular support and participation in transformation and build a popular movement for transformation in our country (PMT).

2. Core areas of the Agreement

1. Transformation of the state

- The need for a developmental, democratic and activist state that has a central role in economic development;
- The need for new political and economic institutions to support the new national democratic and developmental state;

2. Delivery of public services and goods

- The need for the state to provide an effective and sustainable social wage to all citizens: (health care; housing; transport; land; education; water, electricity and welfare and municipal services)
- The above-mentioned services should remain publicly-owned;
- The need for thorough-going transformation and restructuring of all the institutions responsible for service delivery, particularly the public service and state enterprises;

3. Transformation of the economy

- The need for a truly redistributive and developmental macro-economic strategy that supports the overall objectives of our transformation programme;
- The need for an industrial policy that supports job creation, human resource development, workplace democracy, the living wage and an equitable wage structure and further boosts domestic production to meet the needs of redistribution;
- The need for the transformation of the current institutions such as the Reserve Bank, DBSA, IDC, Land Bank, CSIR, etc., so that they can carry out the mandate of the new democratic state;
- The need for a labour market policy that redresses apartheid and racial capitalism's legacy of gender, race and age discrimination and segmentation, at the same time facilitating workplace democracy, effective training and creating quality and sustainable jobs, attacking poverty and guaranteeing good health, safety and environment at every workplace;
- The need to promote public investments in line with building the social sector of the economy;
- The above measures will need to be matched with an equal determination to engage and significantly erode monopoly capital's control over our country's economy. We thus need a strategy to change current patterns of economic ownership. Such a strategy will be based on a common approach and understanding of "Black Economic Empowerment", the development of SMMEs, strengthening community co-operatives and developing a strategic approach to trade union investments.
- Locating our approach to economic transformation within the context of Southern African regional integration and economic development;

The Tripartite Social Accord

Vision

A Social Accord between government, business and labour should be founded on three principles:

- Firstly, on the basis that there is a National Agreement among Alliance partners on how to transform South Africa, as stipulated above;
- Secondly, on the understanding that the Social Accord will provide the Alliance with an opportunity to engage and commit business to specific aspects of our transformation programme;
- Thirdly, that this Social Accord will be based on particular issues from time to time, rather than it being an instrument that ties us to the social democratic "golden triangle" scenario. This issue-based accord could include issues such as industrial restructuring, retrenchments, job creation, education and training, etc. Our engagement in the accord can only be an aspect of our overall transformation strategy stipulated in proposed Alliance National Agreement or Programme.

It is our conviction that it will be extremely dangerous to enter into a social accord of the type advocated by the Labour Market Commission, whose principal aim is to commit COSATU to mythical class peace as advocated in social democratic countries and to ideas such as labour market flexibility and wage restraint. It will be even more dangerous, we believe, if COSATU entertains any talk about the social accord when there is no agreement among Alliance partners regarding transformation. This could result in a "one-against-two" scenario, rather than having a "two-against-one" scenario, wherein the ANC government and its labour ally (COSATU) engage business in an agreed transformation agenda with the sole purpose of shifting the balance of power in favour of the Alliance and its allies in the broad popular movement for transformation.

Source: Resolutions Committee using NUMSA, Proposed Alliance Programme and September Commission

NEDLAC

Vision

NEDLAC is a product of our own struggles. We need a democratic movement perspective on the agenda of NEDLAC for the transformation of our society. We must not put all our hopes in NEDLAC. We need to use NEDLAC to challenge and change the power relations in favour of the working class. We therefore see NEDLAC as a terrain of struggle to be contested to advance the interests of the working class.

The nature of tripartism invariably entails reaching consensus and translating that into agreements. As labour we must at all times critically evaluate the implications of such agreements.

Policy Proposals