



19 July

Engineering Press Statement

STATEMENT ON THE STATUS OF ENGINEERING/METALS SECTOR WAGE NEGOTIATIONS AND DEMANDS OF WORKERS

“The struggle for national democracy is also an expression of the class contradiction between the black and democratic forces on the one hand, and the monopoly capitalists on the other. The stranglehold of a small number of white monopoly capitalists over the great bulk of our country`s wealth and resources is based on colonial dispossession and promotes racial oppression. This concentration of wealth and power perpetuates the super-exploitation of millions of black workers. It perpetuates the separate plight of millions of the landless rural poor. And it blocks the advance of black business and other sectors of the oppressed. This reality, therefore, forms the basis of the antimonopoly content of the national democratic programme.”

(The Path to Power, SACP, 1989)

The National Union of Metalworkers of South Africa (NUMSA) which represents over 140 000 super-exploited workers in the most strategic layer of the economy, the Metal and Engineering sector is on the verge of a full-blown strike in the sector.

Background

The wage negotiations were held against a backdrop of a soaring crisis at the main center of global capitalism and imperialism – the United States (US) and Europe, where there is massive shrinking in the manufacturing sector, and a shift into insecure services, especially finance, retail, security and “knowledge production” tertiary sectors.

In our own South African context, the negotiations took place amidst the spread of corruption by politicians and state capture, whilst our people, especially the working class and the poor, are confronted with the crisis of poverty, unemployment and inequality. As a result of the ANC’s insistence on implementing neo-liberal economic

policies, we are also experiencing the impact of having our credit rating downgraded to junk status and the negative impact this has had on the growth outlook of the economy.

NUMSA is dismayed by the level of serious political stagnation between the two capitalist factions. One led by Cyril Ramaphosa, defending White Monopoly Capital, with SACP and COSATU on one side, and Zuma and the Gupta's on the other. They are busy with a flimsy confused debate about the obvious nature and character of South African capitalism, which is owned and controlled by white monopoly capital. Instead of addressing the real issue of how to restructure and turn around the South African economy. To address the current national crisis of an economy that has been downgraded to junk status, and that is technically in a recession.

NUMSA calls for the immediate following measures:

1. If great problems deliver great solutions, the South African government needs to move swiftly and restructure the South African economy, nationalize its minerals and all commanding heights of the economy and place them under worker control.
2. Ensure that our minerals are beneficiated, diversified and champion a job led industrial strategy.
3. The current economic crisis dictates that government should increase tariffs to protect our manufacturing capacity and designate all products that we have capacity to produce and manufacture locally and make it compulsory that all government departments and private sector procure locally. And that all economically depressed sectors and companies should be subsidized in the form of incentives.
4. To uproot corruption and cronyism in the State Owned Enterprises (SOE's) the South African government should reconstitute all the boards of SOE's and the reconstitution should be made up of labour, business and government and civil society.
5. Whilst NUMSA acknowledges the current Public Protector recommendation about broadening the mandate of the SA Reserve Bank is not necessarily her competency, we remain firm that the Reserve Bank should have been nationalized long time ago and that its failed hot pursuit of inflation targeting should have been stopped. Instead, the Reserve Bank should target jobs and its mandate can't just be about protecting the value of white wealth which remains completely untransformed. It should also cut high interest rates that are militating against manufacturing and industrialization.
6. The South African government including finance minister, Malusi Gigaba, must stop being a prisoners of the World Economic Forum (WEF); the World Bank and the IMF, fake ratings agencies and fully implement the Freedom Charter. They must address the land question, and stop playing with concepts and get serious

about radical economic transformation. They need to take firm measures to affirm the Black and African majority who are economically marginalized and dispossessed in the economy. It is in this context that NUMSA rejects Gigaba's attempt to appease ratings agencies by championing a once hidden and now open privatization of our SOE's under the guise of non-core assets. NUMSA calls on the South African public that we should reject privatization in whatever form it has been disguised.

7. NUMSA has noted the national treasury statements since their cash injection into SAA that there is a subtle agenda to prepare the public for privatisation of SAA. This takes place against the backdrop of serious allegations that have been made by our sister union, SA Cabin Crew Association involving serious allegation of corruption involving tenders and we want to be on record representing our members at SAA that we reject any form of privatization of this very important national asset. And we shall work with other unions to get to the bottom of the problems at SAA, that include exploring whether this institution should not be placed under business rescue. We have also lodged a dispute with SAA at the CCMA on this and other issues. We are demanding that the entire SAA board be suspended with immediate effect pending an independent investigation into the SOE.

8. NUMSA also wants to note that fact that today we have begun wage talks in the mining sector for the first time in our history. This is as a result of our resolution in the historic conference of 2013 to organize in other sectors of the economy. The Chamber of Mines officially opens wage talks today at their headquarters in Johannesburg. NUMSA has a significant representation at Glencore Coal South Africa with a representation of 48% of the workforce.

These are just some of the demands put on the table by our members:

- 20% wage increase across the board
- A housing subsidy of R80 000
- An increase of 20% in all allowances

Crisis in Engineering

For the last 23 years the ANC has failed the people by promoting disastrous neo-liberal economic policies like the NDP and GEAR at the back of a sellout negotiated settlement and the bourgeois constitution overall, the 20 years of democracy has been a disastrous to the working class of our country. It has resulted in the highest poverty

and unemployment levels in the world; it has also resulted in the creation of the most unequal society, where three white men own the entire wealth of the country.

Despite the slowdown in the global economy, capital locally and globally continues to make huge profits by increasing the suffering of the working class. It does so by increasing production and reducing wages in order to maximize profits for shareholders.

White monopoly capital in South Africa has benefitted immensely through the concentration and centralization of South Africa's wealth and the economy. They have been driving an investment strike and are completely refusing to pay a living wage. In fact, there has been a deliberate effort by conservative employers whose old boerdobond, baaskap attitude, wants to take Black and African workers back to the days of racist, slavery, and super exploitation conditions.

This group of conservatives led by Gerhard Papenfus of NEASA get their impetus from the Free Market Foundation; the right wing NDP; Cyril Ramaphosa and his stupid national minimum wage of R20 per hour/R3500 per month. This grouping has been concealing its agenda of being union bashers, and it maintains and champions a racist stance that Black and African workers should be paid slavery wages. That is why they have approached this round of negotiations with a demand that new young workers in the industry be paid half of the minimum rate. This the easiest way of destroying the trade union movement. When you co-opt the present generation of workers to betray their legacy of hard won gains and struggle, and guarantee no future for the next generation of workers. And obviously as NUMSA we reject this with the contempt it deserves.

Our engagement with the employer bodies, particularly Steel and Engineering Industries Federation of South Africa (SEIFSA), National Employers Association of South Africa (NEASA); PCASA, SAEFA, CEO and Boarder Industry Association (BIA) are hell-bent on down varying the current conditions of employment and perpetuating the colonial apartheid wage income disparities.

This is despite our members and their families struggling to cope with the meagre earnings which they have been forced to endure. The majority of our members earn the lowest at R40 per hour. Over 50% of workers' disposable income is spent on the cost of transport because of the persisting legacy of apartheid social engineering, and its settlement patterns, which has ensured that Africans in particular and Blacks in general, live far from workplaces.

NUMSA demands:

1. We demand 15% wage increase across the board based on the actual rate which a worker is earning, not on the minimum. (A 15% wage increase would translate into a R6 per hour increase for the lowest paid member.)
2. We want a 2 year agreement and in that period we want all outstanding issues to be finalized.
3. We want the current agreement to be extended, (except in relation to wages).
4. We demand that the MEIBC Main Collective Agreement be extended to all parties and non-parties. Furthermore, we demand that employers agree to the MEIBC Main Collective Agreement being extended to all employers and employees falling within the jurisdiction of the MEIBC Bargaining Council and, that it be made legally binding on all employers who are not members of an employer organization. It must also be made binding on scheduled employees who are not members of one of the trade unions cited as signatories to the Settlement Agreement.
5. We demand that the agreement must be to be backdated, effective 01 July 2017

Employers demands:

- The employers have tabled an empty offer of 5.3% on actuals, and 5.5% on minimums. Meaning on the very same grade they are robbing one worker to pay another worker. For example, a worker on Grade H (R40) will get 5.5% increase on the minimum rate of pay. But the worker who is earning R45 will get 5.3% based on the actuals, but they are in the very same grade.
- For the second and third year of the agreement, they are offering wage increase of 4% if the CPI is less than 4%, otherwise they are offering a maximum of 8% if the CPI is higher than 8%.
- Employers want to implement a minimum rate of R20 per hour for new entrants to the sector, when the minimum is R40
- They want to introduce area rates where workers in outlying areas earn 10% less than workers in urban areas, ie areas outside of KZN; Cape Town and Gauteng are considered urban areas.
- They want to reduce the current 4 week leave entitlement for workers who have worked for a company for four years or more, to three weeks.
- They want to pay out bonuses based on the actual shifts worked. Workers who do not work all their shifts due to authorized leave, eg. Sick or maternity leave will forfeit their bonus.

We deadlocked with employers on the 15th of June because the proposal they put on the table would result in a down variation in the working conditions of our members.

Simply put employers put proposals on the table which would worsen the living and working conditions of our members.

We declared a dispute purely because we strongly believe that we have exhausted all possible avenues for employers to concede to our demands, as mandated by our members. After four dispute meetings we still could not agree. It is quite evident that the employers are imposing a strike onto us. Employers have forced us into this undesirable position because of the absurd offer which they have placed on the table. As NUMSA, the strike was never on our agenda, purely because our core demands are affordable.

The major point of disagreement is the fact that employers want to slash the minimum entry rate by half by imposing a poverty wage of R20 per hour onto our members, which is half the minimum rate of the Engineering sector! Our members fought hard to increase the minimum rate to where it is. All along employers have claimed that Africans are not educated or skilled enough to justify a higher income. Now that young workers are educated, they want to exploit the next generation of workers with poverty wages of R20 per hour.

NUMSA calls on our members both old and young in the industry to unite and be ready to declare a sustained war to defend their gains, to improve their wages and to secure the future of the next generation of workers.

Employers are emboldened by the ANC's plans to impose a National Minimum Wage (NMW) of R20 per hour next year. This is precisely why NUMSA rejected the National Minimum Wage. We knew it would cause chaos in the Engineering sector by introducing and legalizing slave wages. If we agree to this ridiculous proposal placed on the table by employers, it will mean we must agree to violate the principle of 'equal pay, for work of equal value, where some workers earn more for doing the same work. Furthermore, it will result in older workers being retrenched and being replaced with a cheaper labour force.

Way forward

NUMSA has resolved to embark on a rolling mobilization of our members to make them ready for any eventuality and as we mobilize our members, we will dedicate time to engage employers further demanding that they must move from the current position, and make an offer that can settle this round of negotiations. Once we have satisfied that we have done everything we might be left with no option but to issue the 48 hour notice for a legal protected strike.

In the event the strike takes place, the following key sectors will be heavily affected, for example, foundries, electronics and telecommunications, plastic and fabrication industries. Machinery and equipment, automotive components sector, electrical

engineering, basic metals, heavy and light engineering, gate and fence, and construction engineering companies will all be affected.

The major companies which will be affected include Auto Industrial, Bell Equipment, CBI, Union Carriage and Wagon, Dorbyl, Marley Pipe System and Dana Spicer Axle amongst others. Some of these companies supply critical parts to the auto industry and could have a disastrous impact on their already strained supply obligations. If the strike commences, ongoing work at Medupi, Kusile and Ingqurha will be delayed. Employers in the metals and engineering industry will have to take full responsibility for the repercussions that this strike will have on the economy as a result of their intransigence.

We are calling on every concerned stakeholder to knock sense to the intransigent group of employers that have been frustrating the process of negotiations, or else we will shut down the entire economy on a scale which this country has never seen before.

Obviously with the current state of the economy, the consequences of such a contemplated action will deepen the economic crisis. The ball is in the employers court.

Aluta continua!

The Struggle continues!

Issued by

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