

Stability in the public sector, strikes down

The snow that fell in parts of the country is as unusual as two developments that have taken place on SA's labour relations scene.

Breakthrough in the public sector

The first is that the unions in the public sector, in two separate sets of negotiations, have agreed to 3-year wage agreements. This is a significant victory for the two employers concerned – the local authorities in the country represented by SALGA (SA Local Government Association) and the national government represented by the Dept of Public Service and Administration.

At the outset of negotiations the unions were reported to be categorically against multi-year agreements. In the end they settled. It is clear that a lot of talking and arm-twisting must have taken place to shift people to this position.

The new minister for Public Service and Administration, Lindiwe Sisulu, who came over from Defence to Public Service after a cabinet reshuffle in June, can certainly put a feather in her cap. At Defence she developed a reputation for being anti-union. At Public Administration she proved that rather than being anti-union, she is simply a tough employer.

National government

After 6 months of negotiations, the normal verbal warfare in the media and disputes being declared, agreements were reached for a 7% increase in 2012, and Consumer Price Index plus 1% for 2013 to 2014/15. This is a first for the public sector.

The agreement will cost about R8 billion more than the minister of Finance budgeted in February. Treasury said in a statement that the extra money would be found from the contingency reserve (R12 billion was provided in this year's budget) and by cutting expenses elsewhere. The agreement will thus not put pressure on the expected deficit and is good news for the bond market, interest rates and taxpayers.

Local governments

SALGA, who negotiated with the unions on behalf of all local authorities, operates outside the jurisdiction of Minister Sisulu's department. They also achieved a multi-year agreement.

At the local government level the negotiations started off with the unions demanding 15% and the employers offering 4%. In 2009 we had a 5-day strike. In 2010 there was a 9-day strike, followed by a two-week strike, so hundreds of thousands of days were lost in strikes. No agreement was reached. So the precedent was not hopeful for a settlement this year. But perhaps the aggression of the previous years has worked itself out and a new level of maturity has been reached.

After 4 sets of negotiations stretching over 3 months, with lots of verbal warfare in between, agreement was struck for a 6.5% increase this year and a further 0.5% in January. In 2013, municipal employees will get the average CPI +1.25% and in 2014 average CPI +1%.

One gets the impression that the state as employer has really found its feet this year and negotiated well against the unions. In previous years one was left with the distinct feeling that the employer

under-negotiated and was outwitted by the unions. Not this year. Perhaps that is why we had snow ...!?

Multi-year agreements

Multi-year agreements have a number of obvious benefits. The first is predictability on wage costs for the next three years. The Minister of Finance and various local councils can now budget with a high degree of certainty on what wage increases will amount to.

Secondly, strike action – at least on wages – will now be limited for the next 3 years. Other issues like alleged maladministration or corruption, dismissals and re-organisation can still trigger legal strike action. But most strikes are triggered by wage disputes, so sorting that out means that one of the main drivers for strikes has been eliminated for this period.

Thirdly, with disruptive wage negotiations out of the way, local authorities can focus on service delivery.

The fourth benefit is that these two agreements will both last beyond 2014 when the next national elections will be held. It minimises the ability of the unions to influence politics via the threat of strike action during wage talks.

Fewer strikes, mining active

In past years it was strikes in the public sector and local government level that contributed markedly to mandays lost. As a result of these two settlements the number of mandays lost through strike action has fallen considerably so far this year.

At the time of writing it was standing at less than one million. The average for the 18 years since 1994 has been 3,3 million a year. Only in 5 of the 18 years have the total mandays lost come in below 1 million.

Could 2012 be such a year? The bulk of the wage negotiation season is now over, but a strike can still crop up at some isolated workplace, so better not to get our hopes up yet. It does look promising, however.

It is noticeable that the vast majority of strikes so far this year were in the mining industry. Some, though certainly not all, of it was related to the rivalry between the old Cosatu trade union, NUM – National Unions of Mineworkers – and AMCU, a new independent union who is challenging NUM at some workplaces.

Cosatu shot their bullets

The biggest single strike, which contributed 200 000 man days lost, was the Cosatu strike in March against e-tolls and labour brokers. Since then Cosatu has admitted in parliament that they “lost” the labour broking fight. Judging by news reports they might also have lost the e-toll fight: apparently cabinet has approved legislation on e-tolling and according to comments made by the government spokesperson it seems as if e-tolling will go ahead. If the reports are correct, Cosatu does not have much to show for the 200 000 days lost in an attempt to force government’s hand.

So What?

- The two multi-year agreements in the public sector are an indication of maturing industrial relations in this environment. This is in all probability a combination of conflict-fatigue after strikes in previous years; a more determined employer negotiating better; and a deteriorating public image of striking workers undermining service delivery. If this reading is correct, it bodes well for future negotiations.
- This year, commentators questioned the possible impact of high wage settlements on what was generally seen as a good budget. A wayward wage settlement could have derailed the budget seriously. These 3-year agreements remove that uncertainty. That enhances the credibility of the annual budget and should please the rating agencies and the bond market.