

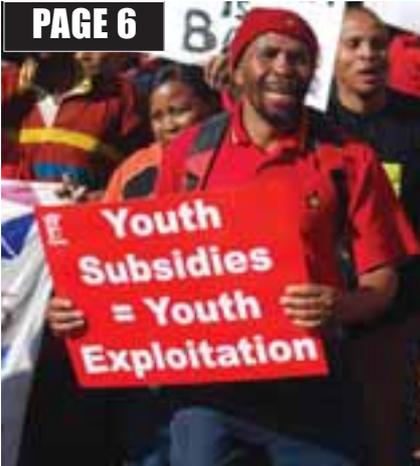


CONGRESS COUNTDOWN

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Why labour brokers should be banned

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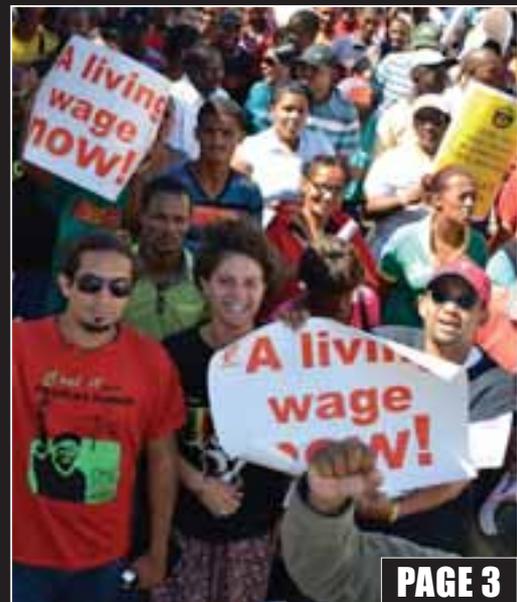
Youth Wage Subsidy:

Subsidy for youth or wage hand-out for employers?

What is the COSATU Congress?

LET'S TALK BURNING ISSUES

- * What are some of your practical experiences with concessional bargaining?**
- * Should we still pursue the same tactics against labour brokers i.e. mass mobilisation combined with negotiation through NEDLAC?**
- * What strategies can the federation adopt in order to bridge the apartheid wage gap, especially in the private sector?**



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THE STRUGGLE FOR A LIVING WAGE

The COSATU National Congress

The COSATU 11th National Congress is around the corner and as with many gatherings of this nature, there are number of important issues that must be discussed at this gathering. The main purpose of this bulletin is to highlight some of the key questions confronting the federation at the present moment. This COSATU Congress Countdown also aims to facilitate discussions about these important issues amongst COSATU members. This bulletin is divided into four segments. This bulletin will be released in three segments. This first issue summarises the major socio-economic challenges facing the working class in South Africa. These include a discussion on the need to restructure the South African economy, labour brokers and labour law amendments as well as issues relating to the living wage and collective bargaining. This segment will also look at international developments and their implications for the working class. The second bulletin will discuss the political climate within which the 11th National Congress takes place. The third segment will look at the state of the federation from an organisational development perspective whilst the last section looks at international developments and their implications for the working class. We would like to get your views on these issues and how you are gearing up for the congress, including your own trade union resolutions for the congress!



COSATU NOBs at a press conference

What is a National Congress?

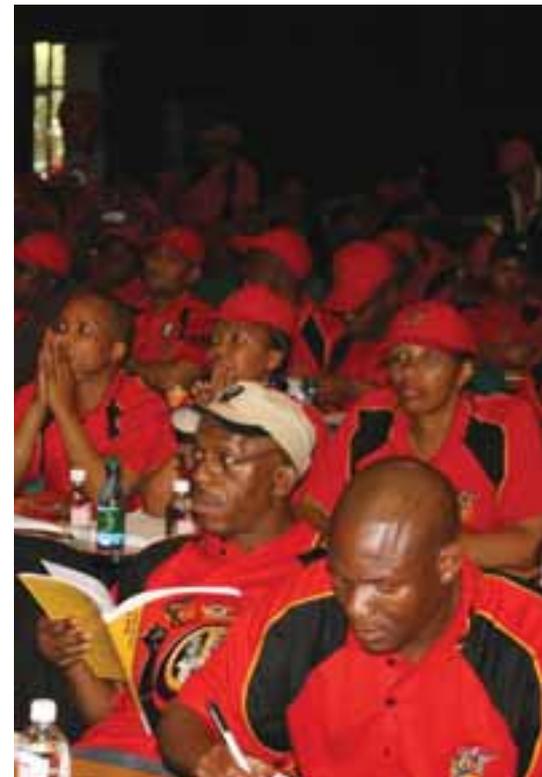
The COSATU 11th National Congress is approaching in a less than three months from now. This Congress will take place from 17-20 September 2012, and will be the 11th National Congress of the federation since its launch in 1985. The National Congress is convened every three years.

Who forms part of the National Congress?

The National Congress is comprised of the federations six National Office Bearers and delegates from affiliates. The NOBs are President, 1st Deputy President, Second Deputy President, General Secretary, Deputy General Secretary and Treasurer. Each affiliate is entitled to one (1) delegate for every 750 members. This means the bigger the union's membership, the bigger its delegation to congress.

What exactly does the National Congress do or discuss?

The National Congress receives the Opening and Closing address from the COSATU President, the Secretariat Report delivered by the COSATU General Secretary and the Financial Report from the Treasurer. The Secretariat Report contains a full report of all activities since the previous Congress, as well as recommendations going forward. Delegates have an opportunity to comment and debate on the Secretariat Report. The National Congress also has the powers to amend the COSATU Constitution. The congress also considers and adopts general and specific policy measures through resolutions. The NC also elects the six National Office Bearers. Only shop stewards, elected workers' representatives and affiliates office bearers are eligible to be elected into the positions of President, 1st Deputy President, 2nd Deputy President and the Treasurer are elected from members of the COSATU affiliates. The General Secretary and the Deputy General Secretary, will also be elected by the NC.





The Struggle for a Living Wage the Quest to Restructure our Economy

Why a Living Wage?

COSATU believes that the Living Wage is the primary means for workers to fight poverty, close the apartheid wage gap and address broader inequalities in our society. The Living Wage should be the cornerstone of the work of the trade union movement. A breadwinner must be able to pay for food for his/her dependants, as well as for services like electricity, a place to stay, personal transport and of course, basic semi-durable goods. Cosatu's idea of the Living Wage also includes the provision of social services. Our Living Wage demands are therefore broader than just wages, and extend to what is sometimes called the social wage.

Proposals on the Living Wage

- **A legislated minimum wage across the board** in order to set the minimum living standards for the South African working class. Exactly how such a minimum should operate – whether one national minimum, or a number of sectoral minimums, is to be debated at Congress.
- **The Regulation of executive pay** in order to close the apartheid and gender pay gaps. This should be accompanied by progressive taxation, so that the rich pay more in the form of taxes
- **Disclosure of Company Profits:** COSATU affiliates must continuously call for the disclosure of company profits, executive pay and bonuses as a plank from which to advance the living wage
- **Guaranteed Decent Employment by the State:** Whilst COSATU calls for a labour-intensive industrialisation strategy, we recognize that the public sector offers huge opportunities for direct job-creation in advancing the living wage
- **Decent Housing:** Working class communities must be afforded houses that take into account their social conditions e.g. average family size; hostels must be urgently transformed into decent family units. We also call for the densification of human settlements and the location of affordable housing closer to workplaces
- **Access to Land:** Municipalities and the state in general must stop the sale of state-owned land, expropriate privately owned land and strike a balance between the use of land for social development and production purposes. Current trend of selling large tracts of land to foreigners must be stopped
- **Access to Quality Healthcare:** progress towards the National Health Insurance must be accelerated as part of challenging the racially skewed access to healthcare.
- **Access to Quality Education:** Free, universal and quality public education for the poor until undergraduate level; including vocational studies
- **Access to Affordable, Efficient, Safe and integrated public transport** is an integral part of the Living Wage. The state's prioritisation of elite transport projects such as the Gautrain and the proposed speed train between Durban and Johannesburg must be vehemently rejected by COSATU. The continued privatisation of our road transport

system as seen through 'e-tolling' must also be challenged.

- **Labour legislation** must be changed so that maternity and paternity leave are fully paid and that workers are not disempowered because they belong to "essential services".
- **Labour brokers** must also be banned, as there is no way that workers outside standard employment contracts can effectively struggle for a living wage.
- Implementation of a national retirement/savings scheme

In addition to these demands, the 5th COSATU Central Committee mandated the federation to do the following:

- Formulate a single unifying demand that should rally all workers across the board, in order to defeat sectoral consciousness among workers; and
- Define a basket of expenditure by the working class to define its poverty line, which should move beyond monetary values and include the issue of access to quality basic services.
- The Living Wage should break the racialised apartheid bargaining structure and lay a firm basis for the dissemination of information across all sectors.

But we still have some further work to do in this regard. There are crucial questions facing us - Do we also call for a single national minimum wage and for government to take a stance on this? How do we build the consciousness of workers to appreciate their own role as the toiling producers of all value in society and the illegitimacy of a system that channels that value into speculative finance and capital flight? Simply highlighting the discrepancy between the pay packets of the bosses and their own wages is not enough. A focus on the **social wage is also crucial.**

The 11th Cosatu Congress will debate how to take the Living Wage Campaign forward. In the debate Congress will have to come up with ideas on how to do the following:-

- **Sustain the organisation of casualised, outsourced and brokered workers through recruitment, servicing workers, winning recognition agreements and wage bargaining;**
- **Take workers' struggles beyond workplace issues in particular through the link to social wage demands;**
- **Build a mass movement around basic demands for a social wage that will complement a living wage;**
- **Build the consciousness of workers to enable them to link the living wage campaign to broader socio-economic struggles;**
- **Build and sustain COSATU work and mobilisation in working class communities through a focus on social wage demands and service delivery struggles; and**
- **Win working class community support for workplace struggles including solidarity against the use of scab labour.**

For a detailed discussion see "Towards a COSATU Living Wage Conference: A NALEDI Research Report", June 2011, www.cosatu.org.za

Wage Income Policies and Collective Bargaining

The COSATU CEC in June 2012 considered an internal paper on 'Wage income policies' and the failure of voluntaristic collective bargaining institutions to transform the apartheid labour market. The 11th Congress will debate some of the recommendations.

The paper identifies the following as challenges facing workers with regards to the labour market:

- There has been a reversal of some of the workers' gains in the areas of wages, social protection, collective bargaining and employment strategies
- The labour movement has not succeeded in changing patterns of the apartheid labour market
- The Apartheid Wage Gap remains intact with more and more workers defined as the working poor
- The absence of a universal social security and social protection means that the limited income of low wage earners is eroded through supporting the unemployed

- The crisis facing some of our affiliates shows how collective bargaining is being eroded by *concessional bargaining*, where hard won workers' rights are sacrificed in the face of employers threats to relocate industries and slash jobs

The document makes the following proposals:

- The need to campaign for adoption of a *national minimum wage*;
- The need for development of Federation-wide collective bargaining strategies, to reconfigure the wage structure, and introduction of *legislated mandatory centralised bargaining*;
- The need to campaign for *universal income support* to cover all adults; not an ill-conceived youth wage subsidy which was fortunately rejected in the recently convened ANC Policy Conference.

For a detailed discussion see "Concept Paper: Towards New Collective Bargaining Wage and Social Protection Strategies" May 2012, www.cosatu.org.za



Questions to chew on

- **What are some of your practical experiences with concessional bargaining?**
- **Can these proposals stem the tide of the downward variation of labour standards in the labour market?**
- **What strategies can the federation adopt in order to bridge the apartheid wage gap, especially in the private sector?**



Labour Brokers

The COSATU campaign to BAN labour broking is part of the Federation's broad 'Jobs and Poverty' campaign launched in 1999. In implementing the 10th Congress resolution on Decent Work and labour broking our programme in 2009/2010 focused on the imposition of a total ban on labour broking in all sectors. The reason for our opposition to labour brokers is that they act as go-betweens in the employment relationship, taking a fee from the party who should be the employer, for doing nothing! In this way the real employer dodges employment responsibilities and the law, the labour broker gets rich through being a trader in labour, and the worker is exploited worse than ever.

The NALEDI report to the Central Committee notes that "It is estimated that close to 3 million casual workers are employed through labour brokers in a R23 billion per annum

industry". The National Association of Bargaining Councils (NABC) suggests that there are 979, 539 labour broker workers in the country.

The ANC resolution on Labour Broking as per the 2009 Manifesto said; "In order to avoid exploitation of workers and ensure decent work for all workers as well as to protect the employment relationship, introduce laws to regulate contract work, subcontracting and out-sourcing, address the problem of labour broking and prohibit certain abusive practices. Provisions will be introduced to facilitate unionisation of workers and conclusion of sectoral collective agreements to cover vulnerable workers in these different relationships and ensure the right to permanent employment for affected workers. Procurement policies and public incentives will include requirements to promote decent work." COSATU is still adamant that Labour Brokers must be banned. These are the reasons for our stance:

Why Labour Brokers must be banned?

1. Labour brokering is equivalent to the trading of human beings as commodities.
2. Labour Brokers do not create jobs but merely act as intermediaries to access jobs that already exist, and which in many cases would have existed previously as permanent full-time jobs
3. Labour Brokers destroy permanent jobs as they lead to insecure contractual relations and downgrading of wages and employment terms
4. Labour Brokers do not practise the principle of equal pay for work of equal value. Labour broker workers are paid differently to permanent workers, and do not have the same benefits.
5. Apart from undermining collective bargaining rights, labour brokers also provide scab labour and therefore serve as strike breakers!
6. Labour brokering, combined with other forms of atypical work, reflects the current trends of the intensification of the rate of exploitation of workers.
7. Labour brokering allows employers to evade their obligations as stipulated in the LRA. This is a way of outsourcing labour relations to a third party, and making it much more difficult for workers to exercise

their rights.

8. Increased regulation of the industry will not work. The Department of Labour can't enforce current regulation of employment conditions and safety, let alone adding another area of enforcement. A total ban will be easy to enforce. Most of the workers employed by the labour brokers do not enjoy pension fund/provident funds, medical aid benefits, etc. The employers dump these workers into the government social security system thereby increasing the state burden to provide for them in their pension life. This means the taxpayers are subsidising the employers to make super profits.
9. Labour broker are also anti-trade unions because 'their' workers are constantly being moved around from one workplace to another within short periods, often with no access to union officials or the possibility of stop-order deductions for union subscriptions, they find it very hard to join a union or to remain members.
10. Labour brokers contribute to the progressive de-skilling of workers, especially as a result of the short-term and irregular nature of the contracts associated with labour brokering and other forms of atypical labour.

We embarked on a very successful national strike on 7 March 2012 which demanded the banning of labour brokers and the scrapping of the whole idea of erecting urban tolls on our roads. This was one of the biggest national strikes we have seen in the recent past as thousands of working class people gathered in the cities, towns and villages across the length and breadth of our country. We united with range social forces and were joined by the vanguard of the working class in this battle.

There is one stumbling block between COSATU and the ANC when it comes to our demand for the banning of labour brokers. We want a total ban of labour brokers whilst the ANC wants us to agree that we allow triangular relationship ("Client Company"- Labour Broker- Worker) to exist for six months and thereafter the worker can be hired directly, eliminating the labour broker in the employment contract.

COSATU argues that one day under the super exploitative labour broker is a day too long! We have an agreement on all other matters, including the critical principle of 'equal pay for work of equal value'.

Labour Law Amendments



COSATU is stunned about the amendments to labour laws proposed by the Minister of Labour. They are the biggest attack on workers' rights we have seen in years.

What Business and Government attempted to do

- To make teaching an essential service which means waving the right to collective bargaining and to strike for teachers
- Forcing only workers involved in the dispute with the employers to join pickets
- forcing unions to ballot member before any strike action and introducing a long cooling-off period (60 days) before workers are allowed to strike

All these anti-worker proposals have been withdrawn largely because workers used their power to mobilize against these reforms. This proved once more that COSATU is correct when it says – "what you don't win on the streets, you will never win on the negotiation table." Mass mobilization and mass power remains one of COSATU's strengths.

Violence during Strikes

- COSATU acknowledges that violence and intimidation had no place in strikes and society in general. We are developing education programmes and campaigns to educate members on their responsibility to keep all strikes and demonstrations violence free.
- We insist that the blame for violence during strikes could not simply be apportioned to the workers on strike because violence is a social problem, extending beyond the labour market, which will not be solved by a quick knee-jerk reaction.

Lawyers at the CCMA

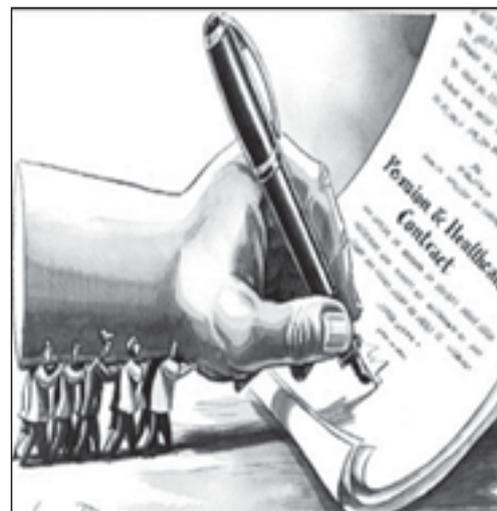
- COSATU opposes an application by the Law Society to challenge the constitutionality of the exclusion of lawyers from appearing in the CCMA in misconduct and incapacity disputes.

The effect of the proposed set of amendments, if introduced, will in fact be totally the opposite to what was promised:

- It will seriously undermine the protection which vulnerable workers have under current legislation;
- It will destabilise our current system of collective bargaining.
- It will deny workers that constitutionally enshrined right to strike

These proposals are a direct onslaught on trade unions. Workers have the onus to debate the far-reaching implications of such measures and devise means through which the federation can continuously challenge these attacks labour.

For a detailed discussion see "Concept Paper: Towards New Collective Bargaining Wage and Social Protection Strategies" May 2012, www.cosatu.org.za



Picture sourced from: <http://osstfd15.net/home/wp-content/uploads/2012/04/Collective-Bargaining>.

The real questions are :

- * **Have we been effective enough in rallying working class communities behind our call for the banning of labour brokers?**
- * **Should we still pursue the same tactics in the struggle against labour brokers i.e. mass mobilisation combined with negotiation through NEDLAC?**
- * **Is the strategy to negotiate the banning of labour brokers directly through collective bargaining in different sectors (as some of our affiliates have done) something worth pursuing?**
- * **How do we challenge the idea that half a loaf of bread is better than no bread at all when it comes to labour brokers?**
- * **What is the implication of the recent Constitutional Court ruling which holds unions liable for violence during strikes?**

The Youth Wage Subsidy – The Facts, Not Propaganda!



1. Research in various countries shows that wage subsidies lead to combined deadweight and substitution effects to the order of 70-90% of the jobs created
2. Substitution effects will be huge. It could affect up to 3.7 million unskilled and semi-skilled workers. Firms will have an incentive to let go of unsubsidised workers. COSATU is not convinced by the arguments made by government and the DA that our labour legislation will prevent these abuses. Only 29% of the South African labour force is unionised, leaving 71% of workers vulnerable to abuses. Abuses are already widespread in the South African labour market – in the services sector, agricultural and many other sectors. Labour brokers have already made workers more vulnerable to being fired without any regard for labour laws. And we have seen how the training subsidy is widely abused, with some sectors like the hospitality sector, becoming a revolving door for so-called trainees.
3. The Youth Wage Subsidy offers no prospects for training and skills development. This means that young workers will always be subject to low wages and poor working conditions with no prospects of upward mobility.
4. This will lead to the recycling of young people without training. It is not true that firms will not simply let go of good workers. History and experience shows that firms are more than willing to fire good workers only to reemploy them under precarious contracts through labour brokers, outsourcing and casualisation!
5. Inequality will worsen as low wage workers replace those workers that have managed to capture non-wage benefits.
6. There will be some forms of “cream skimming” in that the firms will pick and choose from the targeted groups youths that are somewhat in a more advantageous position i.e. black and white middle class youths in urban areas with higher standards of education
7. The government and the DA rely on dubious statistics to make a case for the Youth Wage Subsidy. For example, they argue that youth wage rates are too high when compared to their productivity levels. The average monthly earnings for young people who have not completed secondary schooling and some who do not have any tertiary training is R940! What exactly is expensive about this ridiculous wage rate???
8. Countries with high union and bargaining coverage do not necessarily exhibit high unemployment rates. The issue has more to do with the economic structure and the role of the state in the economy.
9. No firm will add new jobs simply because the wage for it has been cut. No firm will add labour beyond what is required to meet demand for its goods and a given price. The fact that firms have not been reinvesting their massive profits back into production and thus job creation.
10. The youth wage subsidy does not address the underlying causes of the youth unemployment problem. In fact the youth wage subsidy may exacerbate the triple crisis of unemployment, poverty and inequality.

Our Proposals for Youth Employment

- The working class needs to engage in a collective struggle to demand rYouth employment can only be resolved within a context of a general growth in jobs. This requires that the structural challenges to greater employment creation be identified and addressed.
- Our education system prematurely funnels 400 000 youths into the labour market annually. We demand free, quality, public education in order to increase the life chances and opportunities for young people. The FET sector must absorb 1 million young people by 2014.
- **We demand the restructuring of our economy in the following ways**
 - A move away from in ation targeting
 - Reversing the privatisation of State Owned Enterprises
 - Nationalisation of strategic sectors of the economy
 - Land redistribution for productive and equitable use by the poor, youths, women and the rural masses.
 - A health brigade to address community education on HIV/AIDS, healthy lifestyles as well as getting the NHI off the ground.
 - An Education brigade aimed at addressing illiteracy amongst the older population, especially in rural areas.
 - Direct government intervention to facilitate a move away from the capital intensive minerals-energy complex to a focus on a labour absorptive manufacturing driven economy
 - Limiting of financialisation and speculative economic activity through a imposing a financial transaction tax on all activity of that nature
 - The tightening of our exchange controls to limit capital ight
 - Government support for genuine cooperatives and SMMEs
 - A developmental state which has strong capacity to directly deliver goods and services that have a direct bearing on the material reproduction of the working class (housing, sanitation, electricity, water, roads, schools and hospitals)
- These proposals can directly attack the triple crisis of unemployment, poverty and inequality.

For a detailed discussion see “The Youth Wage Subsidy in South Africa” June 2012, www.cosatu.org.za

International Working Class Struggles

The Global Capitalist Crisis

The global crisis which erupted in 2008 was a systematic crisis which soon developed into an all-round economic crisis. This crisis was centred around the world's advanced capitalist countries in the North, but also had devastating effects on poorer nations economies and workers' living standards in these countries

- The first phase of the crisis signalled a shift away from neoliberal capitalism to more state intervention in and ownership of the economy through measures such as nationalisation, tighter regulation of (finance) capital, increased social spending. This phase was short-lived as advanced capitalist countries opted to bailout neoliberal capitalism by spending billions in bailing out the banks and the financial sector.



- The led to the second phase, which is primarily defined by the resurgence of neoliberal capitalism with some governments in the North being cajoled into adopting austerity measures (lower social spending, privatisation, layoffs, deregulation and greater liberalisation of key sectors of the economy).
- This resurgence has been fiercely resisted as seen through developments in Greece and in the US through the Occupy Wall Street movement
- For one, will the crisis lay the foundation for popular movements in the North and South based on economic alternatives to neoliberalism OR will it bolster the position of right-wing governments and undemocratic financial institutions such as the IMF and the World Bank
- The global crisis presents a two-faced picture. On the one hand there is the ascendance of right-wing pro-austerity parties into power some advanced capitalist countries and increased military aggression in pursuit of narrow economic and geopolitical interests. On the other hand is there is the development of

progressive popular movements and uprisings and left governments spanning Middle East and North African countries, Latin America, and even Europe.

- There are crucial questions presented by this international situation. There are also important lessons to be learned

What are the Lessons?

1. Political parties that preside over the crisis and austerity are bound to be removed from power, regardless of their ideological leanings. As things stand today left and social democratic parties in Europe which implemented neoliberal austerity measures have been swept out of power and sometimes replaced by pro-capitalist right wing parties. What does this mean for South Africa? What does this mean for the ANC which is currently presiding over a crisis of capitalism

international situation teaches us that a mobilised society is crucial in challenging the might of multinationals, unaccountable governments and undemocratic finance institutions like the World Bank and the IMF. We have our own impressive history of democracy evidence by organs of people's power, militant and worker controlled trade unions. To what extent can we revive these experiences with popular power to mobilise an anti-capitalist and anti-imperialist movement in SA?

4. Trade unions are undergoing some evolution and have to invent new and creative strategies to respond to the changing terrain of struggle. The challenge is to organise some of the vulnerable sectors of the economy. What are some international lessons that COSATU can apply to organise and address the need of various workers such as youths, migrants, women, informal as well as casualised workers?
5. What are some of the lessons that the trade union movement in the Southern African region can derive from progressive regional groupings with an anti-imperialist avour such as ALBA (Bolivarian Alliance for the People of our America) in Latin America. How can union in the region collectively place pressure on regional governments to resist anti-working class agreements such as the Economic Partnership Agreements which pose serious threats to our economies, jobs and livelihoods.
6. Independent, worker controlled and democratic unions are one of the working class' key weapons in the class struggle. The global economic crisis provides some real basis for the unity of the trade union movement across the world's different regions. The crisis has provided some real foundation for workers' unity in that it has deepened the attacks on workers in the South whilst its adverse impact on workers in advanced capitalist countries has planted serious radicalism in amongst workers in the North. However, the reality remains that there are currently two contending international trade union federations in the form of the ITUC and the WFTU. COSATU is affiliated to the ITUC whilst a few of our unions have affiliated to the WFTU. The important question that this congress must consider is whether COSATU's affiliation to the ITUC contributes to out broader anti-capitalist and anti-imperialist agenda in significant ways? We must also ask whether the WFTU, its class oriented and anti-imperialist posture notwithstanding, constitutes a formidable force for change. What opportunities and risks are there in choosing to remain in the ITUC or changing our affiliation to the WFTU which is considerably smaller in size compared to ITUC?
7. Another lesson from Europe is that unions which have alliances with parties which implement neo-liberal economic policies have paid a high price in terms of loss of membership. Surveys of our members have shown that workers are losing patience with our alliance partner implementing economic policies which are contrary to their interests. This will not only affect the ANC's performance electorally but will also affect our strength as a federation, with COSATU suffering huge losses in union membership? Is this a trend already in motion? Can we avert this situation?

which makes its presence felt through massive job losses and unemployment, the race to the bottom in terms of workers' rights, the rampant commodification of basic goods and services, dehumanising poverty and inequality levels that are the highest in the world? What does the trade union movement need to do in order to arrest the rise of the anti-working class political parties such as the DA?

2. The material conditions that gave rise to the North African revolts are not too different from the conditions facing youths in South African today. Aside the element of dictatorship, South African also faces the same situation of a disaffected youth with high hopes for the future and yet no real prospects in terms of employment and economic opportunities. We have an increasing number of young mostly black graduates struggling to find employment? What strategies should COSATU be pursuing to mobilise and organise young people? How do we keep young working class people away from the clutches of the right wing and anti-poor organisations like the DA?
3. Workers need a strong civil society – The

For a detailed discussion see "The Current International Situation: Implications for the Left Project, June 2011 , www.cosatu.org.za





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