Steel and engineering sector in a quagmire

By Mark Allix

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The knives are out in SA's metals and engineering sector. This stems from a bitter conflict that goes back to court-mediated arguments between parties to collective bargaining agreements under the auspices of the Metal and Engineering Industries Bargaining Council (MEIBC).

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The agreements include employer representatives for small, medium and large companies, trade unions and Labour Minister Mildred Oliphant. The conflict rages about whether the minister is allowed to extend such wage deals to non-signatory employers even though they sit on the council.

The council sets wages for many groups in manufacturing. It also underscores the powerful roles played by unions and large employers in the economy.

Now things have become more complicated. Trade union Solidarity says a possible strike in the metals and engineering industry might be the end of the bargaining council. This comes after wage negotiations in the council recently came to a standstill.

Thereafter, the union asked the Labour Court to place the council under administration to save it from bankruptcy. It says a strike will mean the council will be unable to cover its costs from levies paid by employers and employees.

"If it collapses, there will be no platform to negotiate wages," says Solidarity spokesman Marius Croucamp.

About 340,000 employees and 10,000 companies fall under the council. But now a renewed bout of conflict between employer representatives has become public, just as the council tries to clean up its act.

"Contrary to propaganda maliciously spread by another employer organisation, the Steel and Engineering Industries Federation of Southern Africa (Seifsa) represents small and big companies in its sector and fights hard to represent their interests," says Seifsa CEO Kaizer Nyatsumba.

Responding to a statement issued by the National Employers' Association of SA (Neasa) last week, he says he finds it "bitterly disappointing" that, following the deadlock in the 2017 wage negotiations, the CEO of the association, Gerhard Papenfus, is lashing out at all and sundry.

Nyatsumba says Papenfus seeks to portray Seifsa as an organisation that represents big employers in the sector and concludes deals suitable only to these entities and the National Union of Metal Workers of SA (Numsa).

"Nothing could be further from the truth... In fact, the overwhelming majority of our member companies employ no more than 50 people," he says.

Solidarity has requested a 30-day extension to break the wage negotiations deadlock.

Croucamp says Neasa has taken its wage offer, which is lower than a 5.3% increase offered by other employers, off the table. Numsa and Solidarity have asked for nearly twice this amount. Meanwhile, employers want to lower entry-level wages 50%, while Numsa is demanding the extension of any forthcoming wage agreement to non-parties, including Neasa, which falls under the MEIBC.

Nyatsumba says Seifsa will now engage directly with the unions in an effort to avoid industrial action, which "would have a devastating impact on an already fragile sector". Croucamp says such bilateral talks aim to find solutions to the wage talks impasse that can later be ratified in the MEIBC.

"We will only talk to Neasa once they have put their offer [back] on the table," he says.

The South African Engineers and Founders Association (Saefa), which represents about 510 companies in the metal and engineering industry, says it is confident a strike can still be avoided. "While trade unions have applied for a certificate to launch a strike... the reality is that [this] will be extremely detrimental to employees and the sector as a whole," says Gordon Angus, Saefa's executive director. "Saefa and the other employer representative associations have repeatedly assured employees the proposed lower hourly wage - initially proposed at R20 an hour, the same level as the national minimum wage - is only for new, unskilled employees in the sector," Angus says.

Numsa lost some lustre after being kicked out of Cosatu in late 2014 amid faction fights between the ANC, Cosatu and the South African Communist Party. The previous three-year MEIBC wage deal struck in mid-2014 in the metals and engineering sector ended a damaging strike by thousands of workers across SA.

The union was also key to strikes in the motor industry in 2013 that cost billions of rand.

Source: Business Day