

BARGAINING

MONITOR

VOLUME 26 NO.178

September 2012

COSATU

- 40 hour week without loss of pay
- May Day, June 16 and Sharpeville Day as paid public holidays.
- Job security
- No tax deductions
- A minimum of 6 months paid maternity leave.
- An end to the hostel system and decent housing near places of work

INSIDE

- **The Living Wage Campaign Now**
- **The Top 20 Minimum Wages**
- **The Bottom 20 Minimum Wages**
- **The Living Wage Campaign Then**
- **Directors' Fees and the Living Wage Gap**
- **The Top 5 CEO Remuneration**
- **The Top 5 CEO Bonus Pay-outs**
- **The Top 5 CEO LTI Pay-outs**

UNITE AND FIGHT

LIVING WAGE

Editor: Trenton Elsley

Contributors: George Mthethwa, Saliem Patel, Michelle Taal

Layout: www.themediachilli.co.za

Publisher: The Labour Research Service

No. 7 Community house

41 Salt River Road

Salt River

Cape Town

South Africa

www.lrs.org.za

The Living Wage Campaign Now

The living wage must be a marker of a life beyond survival. The living wage is a marker of life lived without undue vulnerability to hunger, to darkness and to cold, to sickness and to death and to uncertainty over our continued livelihoods. More than this, a living wage should allow us the opportunity to exert ourselves in the production of shared wealth, to rest and to renew ourselves, to develop our education, to participate in the social and cultural forms which locate us in our communities and to protect ourselves from shocks to our work and life circumstance.

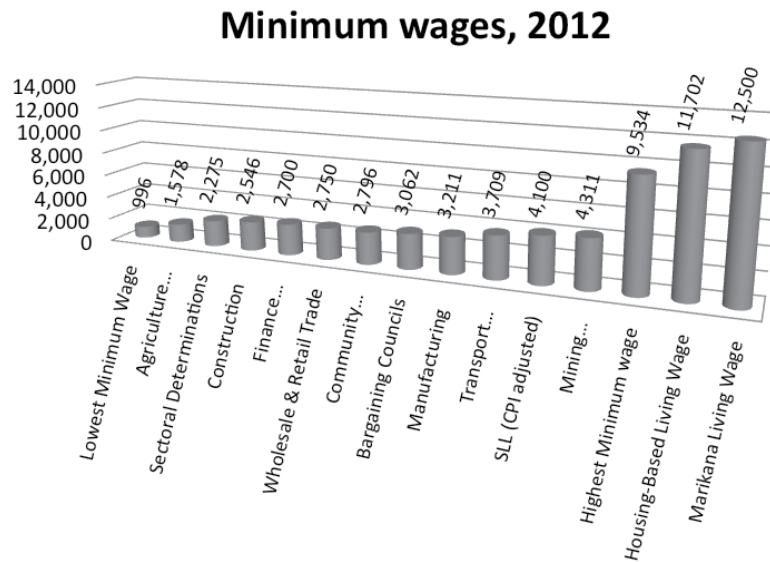
The Living Wage campaign is the first to be listed among COSATU's 12 priority campaigns in the secretariat report to the eleventh Congress. The analysis of COSATU campaigns and worker support drawn from the 2012 Workers' Survey contains no direct commentary on the Living Wage Campaign in particular. This is partly because the Living Wage Campaign is the sum of all the other campaigns. These campaigns are around the issues and challenges which will increasingly shape the material, social and political conditions of workers' lives. These questions all have a more or less direct influence on the possibilities for workers to assert their rightful share of the wealth of the nation through self-organisation. These challenges include the organisation of work (labour broking), service delivery, ownership and competition (anti-privatisation, anti-corruption, public service ethos, electricity and Walmart), the cost of mobility in a racially segregated economic geography (public transport and e-tolls), and new technologies, new production and new consumption patterns in response to environmental imperatives (climate change, electricity and water).

The living wage is difficult to quantify or to reduce to a monetary value only. There is a part of the living wage that should never be reduced to a money amount. If the living wage is understood as something more than what is required to meet the most basic material needs of a household, then it must be linked to the realisation of a broader range of rights like those embedded in our constitution. There is also the underlying political difficulty of getting consensus among workers and among trade unions on how much the living wage is and on how to go about winning this demand in a way that builds organisation and builds solidarity.

The Wage Landscape

This does not mean that we cannot put forward a value as a part of a living wage campaign. Here is summary of the existing benchmarks for a living wage. The lowest minimum wage level we have found in collective agreement is less than R1 000 a month. The median minimum wage across 9 sectoral determinations is less than R2 300 a month. The median minimum wage in across bargaining councils is a little more than R3 000 a month. An apartheid-era measure of a minimum living level suggests something R4 100 per month for a household.

Median minimum wages in the mining industry are only slightly higher at about R4 300 a month. The highest minimum wage we found in collective agreement is about R9 500. The LRS housing-based living wage is roughly R11 700. The current demand for a living wage by workers at the Marikana operations of platinum producer Lonmin is R12 500 a month.



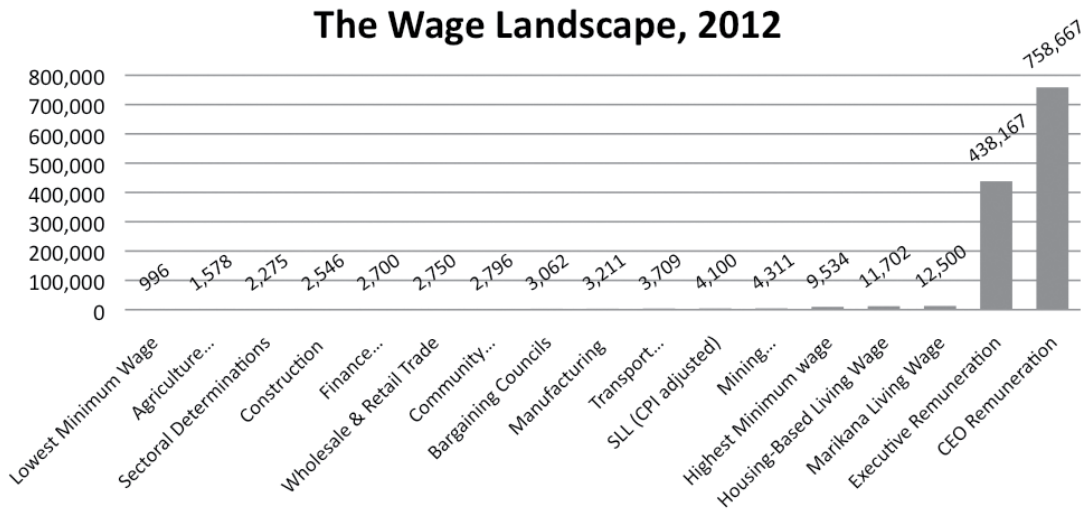
Source: LRS Actual Wage Rates Database (AWARD), September 2012

The minimum wage benchmarks presented here are drawn from collective bargaining agreements representing 264 bargaining units, including 46 bargaining councils if we count their major chambers and 9 sectoral determinations. The estimated coverage of these agreements is almost 4.9 million workers. This is a living sample and the aggregate statistics change as new agreements come in.

	sample	estimated coverage
Bargaining Units	264	4 889 814
Decentralised CBAs	209	486 403
Bargaining Councils	46	898 803
Sectoral Determinations	9	3 504 608

There are more benchmarks for a living wage. Median executive remuneration at 80 JSE-listed companies is about R483 000 per month. The remuneration of the CEOs of those companies is over R758 000 per month. It must be noted that this figure excludes Long Term Incentives (LTIs) paid to executives and that LTIs can amount to several hundred percent more than total remuneration in a particular year. Average executive remuneration is also higher than median executive remuneration, suggesting that the CEOs earning more than the median are earning a lot more.

Now even if we include these median levels of executive remuneration in our graph, all the previous benchmarks are dwarfed. What looked like substantial demands by workers, are really just shadows of the total wealth in our economy.



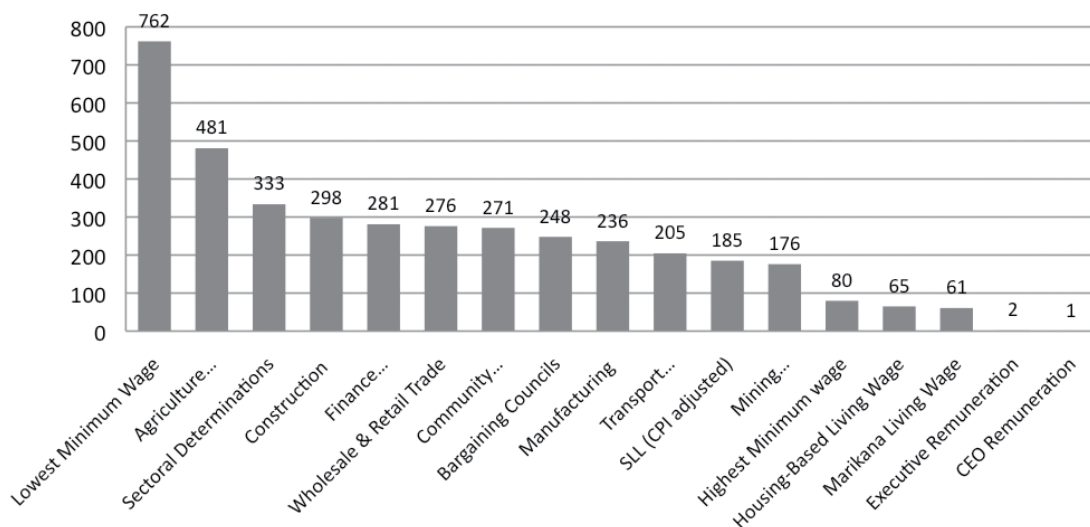
Source: LRS Actual Wage Rates Database (AWARD), LRS Company Database (MaNiaC), September 2012

We can make more sense of it all by looking at the gap between the different living wage levels. The median CEO earns 762 times more than the lowest minimum wage worker each and every year. This also means that the gap is more than 762 for half of the CEOs.

If a working life is 45 years, then that minimum wage worker would have to work 17 lifetimes to earn what the CEO in the middle earns in a year. That minimum wage worker would have to work 762 lifetimes to earn what that CEO earns in a single lifetime.

The gap between CEOs and sectoral determinations is 333. The gap against bargaining councils is 248. The highest minimum wage is 80 times smaller than median CEO pay. The gap between median CEO pay and an estimate of a housing-based living wage level is 65. The gap between the media CEO and R12 500 is 61. CEOs earn twice as much as other executive directors. The wage gap between CEOs is one, which means that there isn't a gap.

The minimum wage gap in 2012



Source: LRS Actual Wage Rates Database (AWARD), September 2012

A Housing-Based Living Wage

In the late 1980s, the Labour Research Service (LRS) developed an approach to quantifying the living wage based on the cost of being able to live in a decent low cost house (A Housing Based Living Wage, April 1989, labour Research Service).

The approach assumes that housing is the largest expenditure item for a household and that the living wage can be derived from the monthly cost of housing if this is set at a particular percentage of total income.

This approach to a living wage is both easy to calculate, to communicate and one which implicitly includes the fundamental need for decent housing in the living wage demand.

The LRS established a definition of what would constitute acceptable low cost housing by drawing on various sources. Here is an example of criteria for an acceptable or decent low cost house:

1. The living areas of the house must be large enough to provide privacy to the household;
2. The finishes and amenities must be limited to those that are absolutely necessary;
3. The house must have basic cooking and ablution facilities, and storage space for food;
4. It must satisfy health and safety requirements;

5. It must provide space for rest and relaxation;
6. It must be designed and constructed so that the occupants are adequately protected from the elements (the weather);
7. It should lend itself to expansion as the need arises

The research went further to say what the exact dimensions of such a house would be. The LRS then obtained plans from building developers that matched these specifications and costed the construction of the house.

The LRS housing-based living wage is a measure of the living wage which takes the cost of decent low cost housing as quarter (25%) of the total amount of disposable income available to a household. This ratio is to ensure that the family can pay for other items like health, education, transport, municipal services, and food. This ratio was set after looking at local and international practices.

The LRS revisited this approach and has produced a preliminary living wage estimate related to the purchase of a low cost house with an average value of R300 000 and a bond repayment of about R2 702.53 per month (Standard Bank Bond Calculator, 27 August 2012).

The LRS housing-based estimate of the living wage for 2012 is R11 702 a month.

We may recall that FOSATU's **Policy on a Living Wage** (1980) said that the living wage is a product of **what workers themselves decide they require to live and what workers are able to get from employers at national and plant level negotiations**. If workers have decided how much they think a living wage is, what can we do to help them get it?

History tells us that we must be prepared to sometimes be pulled along by the living wage campaign and sometimes to push the campaign before us. Regardless of which of these roles trade unions in South Africa fulfil, trade unions must reflect on what they are achieving with regard to representation, internal democracy, social activism & dialogue and solidarity. As long as we are concerned with these dimensions of trade union development there is a chance that a new phase of the living wage campaign could yield stronger and deeper organisation.

History tells us that the living wage campaign will be met with fierce resistance. History tells us that a well co-ordinated campaign run on different levels, from sector to local, from constituency to community, can be a powerful tool for mobilising and organising, especially those who were not organised before.

THE TOP 20 MINIMUM WAGES

	Bargaining Unit	Industry	Estimated coverage	Occupation	Monthly Wage 2012
1	Safety & Security Sectoral BC	Community, Social & Personal Services		Constable	9670
2	Coca Cola Cannery	Manufacturing	310	General Worker	9534
3	Eskom	Community, Social & Personal Services	38 000	General Worker	9236
4	Public Health & Social Development Sectoral BC	Community, Social & Personal Services		General Nurse	9214
5	Impala Platinum Refineries	Mining & Quarrying		General Worker	8278
6	Nedbank	Finance, Insurance, Real Estate and Business Services		Teller	8000
7	The New Tyre Manufacturers Industry BC	Manufacturing	7 000	General Worker	7848
8	ABI	Manufacturing	2 043	General Worker	7820
9	Sasko Grain, a division of Pioneer Foods Pty Ltd (Wheaten Mills)	Manufacturing		General Worker	7563
10	Spar South Rand	Wholesale & Retail Trade...		General Worker	7407
11	Spar Distribution Pty Ltd	Transport, Storage & Communication		General Worker	7102
12	Spar North Rand	Wholesale & Retail Trade...		General Worker	7102
13	Automobile Manufacturing Industry	Manufacturing	12 447	General Worker	7072
14	Sun International Limited	Wholesale & Retail Trade...		General Worker, Core Employees	7015
15	University of Cape Town	Community, Social & Personal Services		Cleaners	6689
16	Education Labour Relations Council	Community, Social & Personal Services		Below Teachers	6647
17	De Beers Consolidated Mines DTC S.A.	Mining & Quarrying	5 500	General Worker	6540
18	Standard Bank	Finance...		Teller	6517
19	South African Bank Note Company	Manufacturing		General Worker	6450
20	Impala Platinum Underground	Mining & Quarrying	18 802	General Worker, Daily Paid	6334

THE BOTTOM 20 MINIMUM WAGES

	Bargaining Unit	Industry	Estimated coverage	Occupation	Monthly Wage 2012
1	SCP Polycloth	Finance, Business Services		General Worker	996
2	Hairdressing & Cosmetology Services BC, Semi-National, Area 5	Community, Social & Personal Services		General Assistant	1022
3	Forestry Sectoral Determination	Agriculture	30 000	General Worker	1428
4	De Goede Hiring & Staffing cc (Omnia Hektorspruit Bargaining Unit)	Finance, Business Services		Office Cleaner	1460
5	Pick 'n Pay Retailers Including the Butchery's Division	Wholesale & Retail Trade		General Worker Variable Timer	1473
6	Khulani Timbers Pty Ltd	Manufacturing		General Worker	1473
7	Farming Sectoral Determination	Agriculture	850 000	General Worker	1503
9	Building Industry BC - Gordonia	Construction	500	General Worker	1508
10	Hairdressing & Cosmetology Services BC, Semi-National, Area 2	Community, Social & Personal Services		General Assistant	1535
11	Spice Food Pty Ltd	Manufacturing		General Worker	1550.0
12	Beytell Bellings, Trading As Antiwaste	Manufacturing		General Worker	1568
13	Sierra Citrus Farming	Agriculture		General Worker	1578
14	Building Industry BC - Kimberly	Construction	10 000	General Worker	1604
15	Electrical Industry National Bargaining Council	Construction		General Worker	1684
16	New Era Labels	Manufacturing		General Worker	1704
17	Gayatri Project	Manufacturing		General Worker	1728
18	Golden Era Printers & Stationery	Manufacturing		General Worker	1728
19	Jwayelani Retail	Wholesale & Retail Trade...	150	General Worker, Daily/Casual Paid Employees	1832
20	Canosa Ceramic Pty Ltd	Manufacturing		General Worker	1840

DIRECTORS' FEES and THE LIVING WAGE GAP

What is decent? What is tenable?

When what one person takes away is so disproportionately larger than what another takes away, the social glue that holds society together weakens – Minister of Economic Development Ebrahim Patel, 17 May 2012

What does a household in South Africa need in monthly income to sustain the kind of minimum decent existence that you and I as citizens would want? I do know the number is not R1,800 a month, I do know it is not R3,000 a month – Business Leadership SA, Bobby Godsell

Workers have for years called for measures to address income inequality through a living wage and limiting executive pay. This year the Minister of Economic Development has suggested capping executive pay as part of a commitment to South Africa's development. He has been echoed by the Finance Ministry, the Minister of Public Enterprises and also by such unlikely allies as the Institute of Directors Southern Africa, Business Unity South Africa and company shareholders. For their own reasons, these groups have noted that creating huge profits and enormous executive pay checks on the backs of poverty wages is not a sustainable way to develop, apart from being both unjust and inhumane.

The South African Chamber of Commerce and Industry argues that while there are some bad eggs in the executive pay arena, as long as pay is linked to performance there is not a real problem¹. The suggestion is that if executives are doing a good job their income should not be limited and that executives would leave their jobs, as one industry analyst put it "if their total package became untenable" (Gerald Seegers, PWC²). What then is untenable? Is it tenable that workers should be paid below a living wage? Is it untenable that executives should show a commitment to the success of the company and development of the country without being paid tens of millions of Rands? Is a tenable executive income incompatible with a decent wage for workers?

The LRS has surveyed the rewards that Chief Executive Officers of 80 of South Africa's large listed companies received in the year ended 31 December 2011. These companies employ, by their own record employ over two million people globally.

The 75³ individuals covered took home a total of R881 594 795 before share awards and nearly R1.5 billion with share awards included in 2011.

The average annual remuneration for these CEOs rose on 11 per cent on 2010 from R10,595,830 to R11,754,597. There were those that took home far more than this. In 2011 the highest annual remuneration went to Steven Koseff of Investec. He took home around R39 million (paid in GBP so exchange rates fluctuations may mean a slightly different Rand amount). On the other end of the scale Leon Kirkinis of African Bank Investments took home R2,184,000 – seemingly the lowest paid of the CEOs but still taking home nearly R200,000 per month.

Average workers' minimum wages over the past year increased by 7 per cent, from R38,769 to R41,561 per annum⁴. When you look over the past five years, this wage has increased by 38 per cent, seemingly a more generous increase than the 18 per cent increase CEOs received over the same period. The increase of workers means that since 2007 their wage has increased by R11,440 per year or R953 per month, whereas for CEOs the increase means an increase of R1,797,512 per year, R149,792 per month, nearly four times the current minimum wage.

Table I: CEO and minimum wages 2007 - 2011

	Average CEO Remuneration (per annum)	Increase in Average CEO Remuneration	Average Minimum Wage (per annum)	Increase in Average Minimum
2007	R 9 957 085		R 30 121	
2008	R 10 297 458	3%	R 32 062	6%
2009	R 9 994 361	-3%	R 35 172	10%
2010	R 10 595 830	6%	R 38 769	10%
2011	R 11 754 597	11%	R 41 561	7%
Increase 2007 - 2011	R 1 797 512	18%	R 11 440	38%

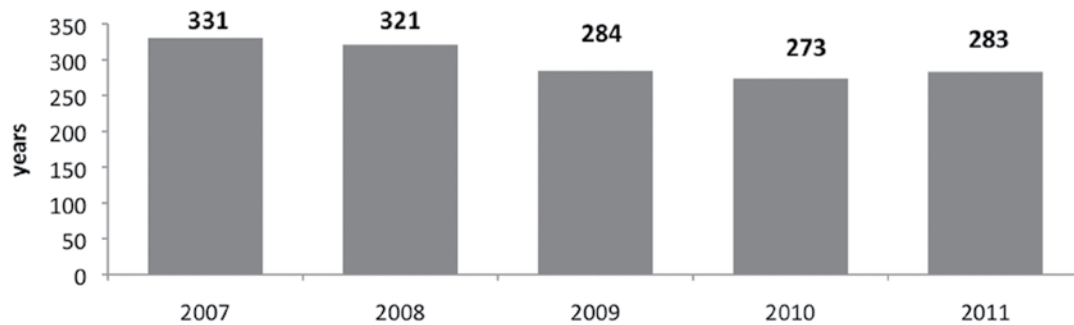
The Wage Gap

The wage gap expresses the difference between how much a CEO takes home and how much a worker takes home as the number of years it would take a minimum wage worker to earn what the CEO takes in a single year. Over the past five years this gap has moved from 331 years to 283 years for the average remuneration and average minimum wage. While 2011's is a smaller gap than in 2007, it represents a disturbing widening of the gap that had been coming down slightly since the financial catastrophes of 2008 when even executives were forced into moderation. Further the gap remains one that would require a worker to work longer than three or four natural lives, and many more working lives, to take home the same amount. Is this tenable?

3. Several CEO were excluded from calculations as they served less than one third of the year.

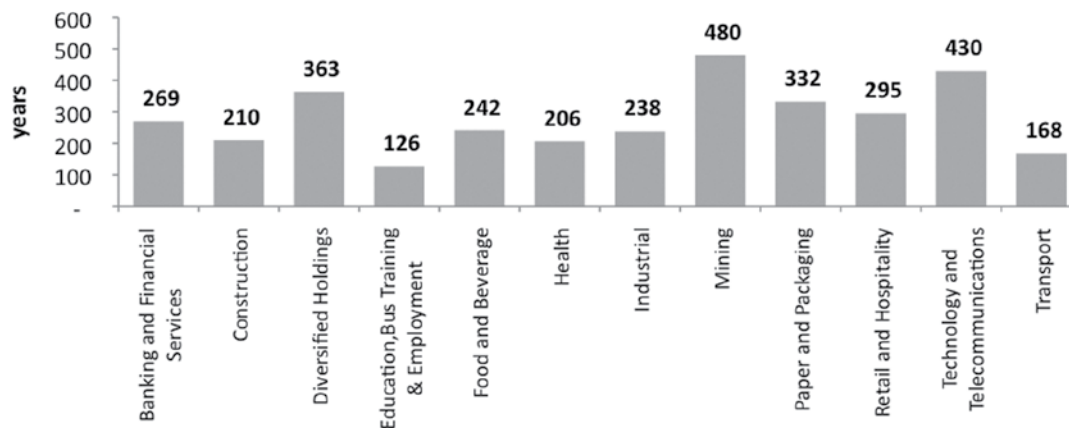
4. The minimum wage used here is the average minimum across sectors and bargaining units, from Bargaining Councils and Sectoral Determinations to Bilateral and Plant level agreements and is drawn from the LRS AWARD database.

Figure 1: CEO/Worker wage gap across sectors



The wage gap varies across sectors, but what is significant is that in no sector is it less than 100 years and more often much higher than that.

Figure 2: The wage gap across sectors 2011



Beyond salary

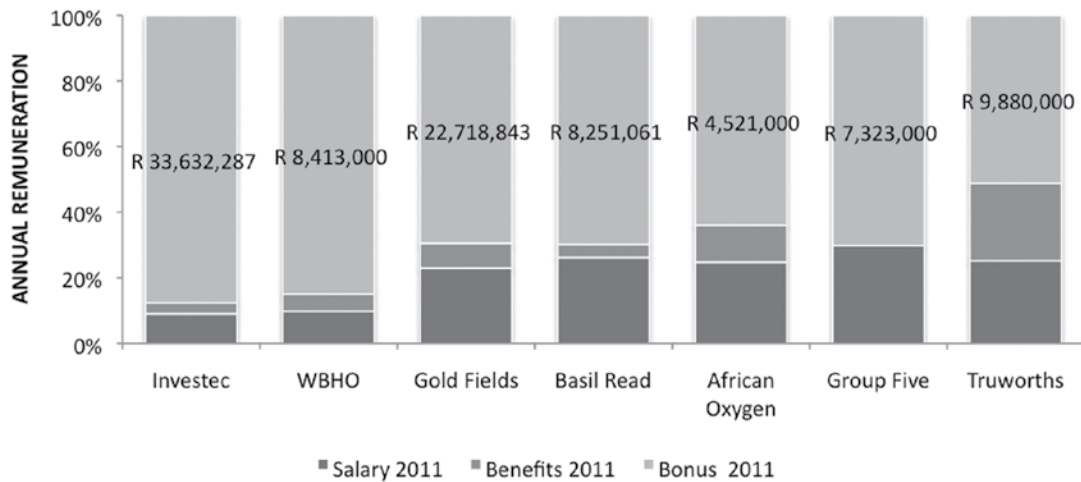
A PwC report⁵ notes that salaries for executive directors over the last year have increased more or less in line with inflation, at 6 to 8 per cent from their sample. For CEOs and other executives however, salary amounts and salary increases are not all or even most of their annual income. Executives rarely rely on these quantities as a measure of their pay but on the bonuses, benefits and long-term incentives they are accustomed to doubling, tripling and further increasing their income. Should a disaster occur and these “extras” be cut, it is reported as though the cut is into their “basic wage” when it is in fact only incentives that have been curtailed.

In 2011, **bonuses** on average added 122 per cent of salary to the CEO package – more than doubling it. The highest bonus in 2011 was paid to Steven Koseff of Investec, the banking and financial services DLC. His bonus was R33,632,287, nearly ten times his salary of R3,464,966. It is reported that this year, 2012, due to the poor performance of Investec he will not take a bonus,

therefore taking “an average 86,6% cut in pay as a result.” In fact, his salary still increased by 12 per cent from 2011 to 2012, from GBP 309,075 to GBP 344,791 in the reporting currency, or to around R4 million at the average exchange rate.

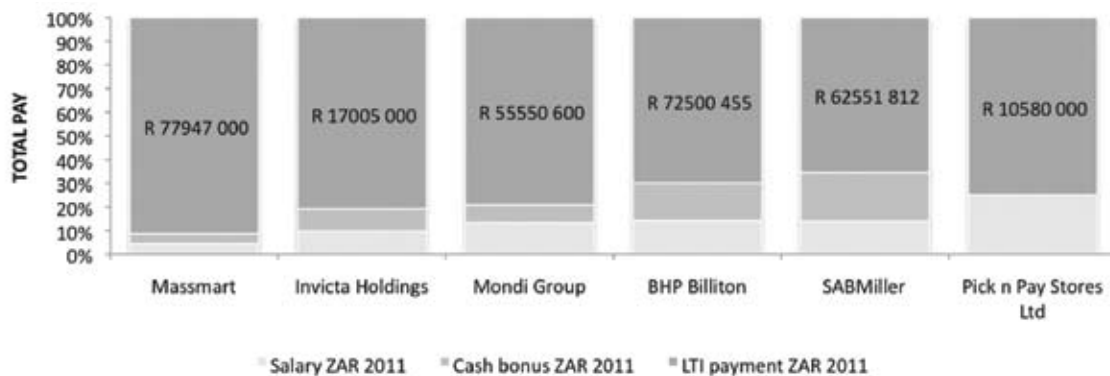
As a percentage of annual pay therefore, CEOs rely on bonuses to increase their income significantly, a cut in bonuses, in difficult times or when performance is seen as below par, is seen as a real test of the commitment of the executive to the company.

Figure 3: CEO Bonuses as a percentage of pay



Long term incentives (LTIs) are cash and share awards that are paid after a holding period of more than 12 months. On average, LTIs increased CEO income for 2011 by 202 per cent. That is like an extra two salaries for the year, on top of the bonus. Again, some directors’ did far better than this. On the purchase on Massmart by Walmart, the CEO of Massmart – Grant Pattison - cashed in R78 million of shares and thus (after doubling his salary with an equivalent bonus) added 20 times the value to his package in one transaction.

Figure 4: CEO LTIs as a percentage of pay



6. DestinyMan.co, ibid.

Salary often makes up only a small percentage of the overall pay of the CEO. On average bonuses and LTIs added together added 220 per cent to the CEO annual income, more than tripling it.

CEO pay per day

Pay of CEOs differs across sectors, but what the table below shows is that on average last year it equated to at least half and on average R1 million a month, over R200,000 per week or over R30,000 per day across sectors. The average minimum equates to R114 per day.

Table 2: CEO pay per day

	Average of Annual Remuneration 2011	Per month	Per Week	Per Day
Banking and Financial Services	R 11 193	R 932 760	R 215	R 30 666
Construction	R 8 717	R 726 472	R 167 776	R 23 884
Diversified Holdings	R 15 091 080	R 1 257 590	R 290 436	R 41 345
Education, Bus Training & Employment	R 5 256 000	R 438 000	R 101 155	R 14 400
Health	R 8 546 687	R 712 224	R 164 486	R 23 416
Industrial	R 9 899 910	R 824 993	R 190 529	R 27 123
Media	R 3 126 000	R 260 500	R 60 162	R 8 564
Mining	R 19 963 169	R 1 663 597	R 384 203	R 54 694
Paper and Packaging	R 13 818 669	R 1 151 556	R 265 948	R 37 859
Retail and Hospitality	R 12 252 873	R 1 021 073	R 235 814	R 33 570
Technology and Telecommunications	R 17 859 413	R 1 488 284	R 343 715	R 48 930
Transport	R 6 981 507	R 581 792	R 134 363	R 19 127
ALL SECTORS	R 11 754 597	R 979 550	R 226 224	R 32 204
Average Minimum Wage	R 41 561	R 3 463	R 800	R 114

When it is therefore stated that any attack on CEO wages in order to address the inequality gap must guard against becoming untenable, we ask if R114 per day is considered tenable, or if the current revolt against poverty wages is a reasonable response to an untenable situation.

Full details of Chief Executive and executive director and non-executive director fees are available from the Labour Research Service MNC Database – MaNiaC at the LRS website: <http://www.lrs.org.za>

Appendices

CEO AVERAGE REMUNERATION

	AR 2007	AR 2008	AR 2009	AR 2010	AR 2011
AVERAGE	9957084.918	10297458.24	9994360.846	10595829.79	11754597.26
INCR AVERAGE		3%	-3%	6%	11%

	PBT 2007	PBT 2008	PBT 2009	PBT 2010	PBT 2011
AVERAGE	6718523966	7717242919	5032965197	6757470388	8132750335
INCR AVERAGE		15%	-35%	34%	20%

HIGHEST CEO ANNUAL REMUNERATION 2011

Company Name	Sector	Director Surname	Salary 2011	Cash bonus 2011	Benefits 2011	AR 2011	LTI payment 2011	Total 2011
Investec	Banking & Financial Services	Koseff	3464966	33632287	1299608	38396861	9711626	48108487
SABMiller	Food & Beverage	Mackay	13290800	19791250	5220452	38302502	62551812	100854314
BHP Billiton	Mining	Kloppers	14788909	16443692	6514923	37747524	72500455	110247979
Shoprite	Retail & Hospitality	Basson	32063000	0	4412000	36475000	0	36475000
Gold Fields	Mining	Holland	7504399	22718843	2475367	32698609	18800000	51498609

MINIMUM WAGES (AWARD DATABASE, LRS)

	2006	2007	2008	2009	2010	2011	2012
Average per month	2 245	2 510	2 672	2 931	3 231	3 463	3 831

TOP BONUSES 2011

Company	Sector	Director	Salary	Bonus	Benefits	AR	LTI	Total ZAR
Investec	Banking & Financial Services	Koseff	3464966	33632287	1299608	38396861	9711626	48108487
Gold Fields	Mining	Holland	7504399	22718843	2475367	32698609	18800000	51498609
SABMiller	Food & Beverage	Mackay	13290800	19791250	5220452	38302502	62551812	100854314
BHP Billiton	Mining	Kloppers	14788909	16443692	6514923	37747524	72500455	110247979
MTN Group	Technology & Telecommunications	Dabengwa	7133000	14007000	1388000	22528000	0	22528000

HIGHEST BONUS AS A PERCENTAGE OF SALARY 2011

Company Name	Sector	Director	Salary	Bonus	Benefits	AR	LTI	Total	BO-NUS % SAL-ARY
Investec	Banking & Financial Services	Koseff	3464966	33632287	1299608	38396861	9711626	48108487	971%
WBHO	Construction	Nel	968000	8413000	522000	9903000	0	9903000	869%
Gold Fields	Mining	Holland	7504399	22718843	2475367	32698609	18800000	51498609	303%
Basil Read	Construction	Heyns	3095395	8251061	464534	11810990	0	11810990	267%
African Oxygen	Industrial	Kruger	1752000	4521000	794000	7067000	0	7067000	258%
Group Five	Construction	Upton	3109000	7323000	0	10432000	0	10432000	236%
Truworths	Retail & Hospitality	Mark	4870000	9880000	4567000	19317000	0	19317000	203%

HIGHEST LONG TERM INCENTIVE PAYMENTS 2011

Company	Sector	Director	Salary	Bonus	Benefits	Other	AR	LTI	Total
Massmart	Retail & Hospitality	Pattison	3738000	3678000	864000	3829000	12109000	77947000	90056000
BHP Billiton	Mining	Kloppers	14788909	16443692	6514923	0	37747524	72500455	110247979
SABMiller	Food & Beverage	Mackay	13290800	19791250	5220452	0	38302502	62551812	100854314
Mondi Group	Paper & Packaging	Hathorn	9294697	5439222	3226061	0	17959980	55550600	73510580
Gold Fields	Mining	Holland	7504399	22718843	2475367	0	32698609	18800000	51498609

HIGHEST LTI PAYMENTS AS A PERCENTAGE OF SALARY 2011

Company	Sector	Director	Salary	Bonus	Benefits	Other	AR	LTI	Total	LTI % SAL-ARY
Massmart	Retail & Hospitality	Pattison	3738000	3678000	864000	3829000	12109000	77947000	90056000	2085%
Invicta Holdings	Industrial	Goldstone	2044000	2000000	255000	0	4299000	17005000	21304000	832%
Mondi Group	Paper & Packaging	Hathorn	9294697	5439222	3226061	0	17959980	55550600	73510580	598%
BHP Billiton	Mining	Kloppers	14788909	16443692	6514923	0	37747524	72500455	110247979	490%
SABMiller	Food & Beverage	Mackay	13290800	19791250	5220452	0	38302502	62551812	100854314	471%
Pick n Pay Stores Ltd	Retail & Hospitality	Badminton	3544500	0	860900	0	4405400	10580000	14985400	298%

The Living Wage Campaign Then

There were strikes by mineworkers in the early 1900s to protest against their poor living conditions and low wages, but the struggle for higher wages by African workers started in earnest after the First World War. In his presidential address in May 1919, SM Makgatho of the South African Native National Congress (later the ANC) made reference to the double problem of Africans, the need for a living wage and the “infernal pass” system.

The Industrial and Commercial Workers Union (ICU) was at the forefront of efforts to organise and to negotiate in the 1920s. The struggles that followed the collapse of the ICU revolved mostly around the organisation of African unions. The period around the Second World War saw a general strengthening of African trade unions in South Africa. In the late 1930s and early 1940s there were a series of struggles for better wages in industries as diverse as chemical, laundry, baking, sugar and iron and steel. The Council of Non-European Trade Unions (CNETU) was formed in 1941 and its major objective was full statutory recognition for African unions. In 1942 it campaigned for a weekly minimum wage of forty shillings.

The strike wave of 1942 may be seen as a response to the low minimum wage fixed by Wage Determination 105. The fact that workers in mining, timber, clay and water were excluded from the Determination compounded the general dissatisfaction.

The African Mine Workers' Union (AMWU) was formed in 1941 and mobilised workers around basic economic demands. They were joined by the African Mine Clerks Association after the Chamber of Mines refused to pay them the statutory Cost of Living Allowance. As a result of AMWU's demand for reforms following spontaneous strikes in 1942, the government appointed the Lansdowne Commission to investigate the wages and working conditions of African mine workers.

The state and employers rejected the Commission's 1943 recommendations and only agreed to a lesser wage level and the payment of overtime. The Lansdowne Report was discussed at the 1944 AMWU Conference and was attended by delegates from every mine, rank-and-file workers and many CNETU trade unionists. The AMWU termed the recommendations “hopelessly inadequate and unsatisfactory”, demanded a wage board enquiry and called on the labour movement to protest against the victimisation of their members. Food shortages in South Africa in 1945 resulted in a reduction of rations to workers in mine compounds and this in turn resulted in food protests. In March 1946, in one such protest at the Modderfontein East mine, police shot dead one worker and injured forty others.

At the AMWU's Conference of April 1946, workers threatened to strike and made certain demands.

- A minimum wage (of 10 shillings a day)
- Family housing
- Two weeks of paid annual leave
- 100 pounds gratuity after 15 years' service
- Payment of repatriation fares
- The repeal of War Measure 1425 (banning gatherings of more than twenty people on mining property without permission)

The demands were ignored and one-day protests followed leading up to the historic strike in August 1946 by an estimated 70,000-100,000 mine workers. After five days the strike was crushed by heavy police repression. The AMWU was destroyed in the mines and many officials were jailed. It was not until 1949 that a smaller increase of three pence per shift was granted to workers. This left wages lower than the Lansdowne Commission recommendations of 1943.

The South African Congress of Trade Unions' (SACTU) "pound a day" campaign, launched following the Alexandra Bus Boycott of 1957, positioned the demand as one which supported a decent standard of living. According to SACTU, the living standards of African workers had for many years been too low to afford the benefits of nutrition, housing, health, culture and recreation which could and should be provided by a country of comparable economic development.

SACTU sent a memorandum to the South African Federated Chamber of Industries in September 1957 with the following proposals:

- A proposal for an immediate and substantial **increase in wages in all categories.**
- A proposal for the immediate payment of a **minimum wage** of not less than one pound a day for the so-called "unskilled workers".
- A proposal that all employers recognise and conduct **direct negotiations with (African) trade unions**, without interference by the Native Affairs Department, the Labour Department or the Native Labour Boards.

The campaign was an intensive one and it gained instant popularity with African workers and the black population generally. There was educational work and mobilisation by local committees. The campaign was linked to the struggle for political rights and also converged with SACTU's plan for organising the unorganised workers. Many employers were forced to respond with wage increases.

The Living Wage Campaign in South Africa may also be traced to the Congress of the People in 1955, a few months after the formation of SACTU. The Freedom Charter stated that *“There shall be a forty-hour working week, a national minimum wage, paid annual leave, and sick leave for all workers, and maternity leave on full pay for all working mothers”*.

In the 1970s, African workers faced declining real wages and increases in the cost of essential goods such as food, clothing and transport. These conditions contributed to a massive resistance campaign which peaked in 1973 with a series of short but widespread strikes, mainly in Natal, involving about 100,000 workers. The strikes began at Coronation Brick and Tile Company outside Durban where workers went on strike demanding an increase in the minimum wage from R8.97 to R20 per week, an increase of over 100%. The strikes spread all over Natal and workers' demands often involved increases of R20 to R30 per week. While the wage gains of the 1973 strikes were relatively small, the experience developed a new confidence amongst workers and this contributed to the rapid formation and development of independent trade unions for black workers.

In late 1979 workers at the Frame Group of companies came out on strike demanding a 25% wage increase. A strike at Fatti's and Moni's in 1979 with a similar wage demand received strong community support. In 1980, the South African Allied Workers' Union (SAAWU) called for a national minimum wage of R50 per week indexed to inflation. In the same year, the Federation of South Africa Trade Unions (FOSATU) launched the first systematic campaign for a living wage.

FOSATU demanded a living wage of R2 per hour for all workers. The campaign began with a massive strike by Eastern Cape motor workers in Uitenhage in June and July of that year. Workers demanded R2 an hour, a 74% increase on the existing minimum wage of R1.15 per hour. In the end workers accepted R1.48 per hour. The parties agreed to conduct a survey to attempt to establish a living wage in the area.

The measures that resulted were poverty datum lines, rather than living wage estimates. The workers argued that they were yardsticks against which to measure poverty, not a goal in setting wage levels. Employers used these instruments to try and moderate worker demands by lowering the benchmark for a living wage.

In a FOSATU pamphlet, ***Policy on a Living Wage***, the federation rejected the poverty datum lines and adopted the concept of a living wage. FOSATU demanded that employers start paying workers a living wage and that **this living wage was**

1. **What workers themselves decide they require to live**
2. **What workers were able to get from employers at national and plant level negotiations**, which were linked also to what the company was able to pay and the ability of the union to make the company pay.

Here are some of the other demands in that policy document.

1. **Unions should have access to company profit figures** and the legal rules of disclosure should apply to any wage negotiation.
2. **Wages should be automatically linked to the consumer price index (CPI).**
3. **Any wage negotiations should take place over and above this inflation increase**, which means that negotiations should be about a real rise in wages and living standards.
4. **Remuneration and benefits should be linked to long service with the company**
5. The **shop stewards involved in negotiations should be given paid study leave** to enable them to become familiar with methods of negotiation and company financial and accounting procedures.

The National Union of Mineworkers (NUM) was formed in December of 1982 and recruited 14 000 members in two weeks. A wave of wildcat strikes in 1942 involved about 40 000 workers on 8 mines. Ten workers died and ultimately the mining houses signed recognition agreements with NUM in 1983.

Industrial action continued through the mid-1980s and in 1987 the NUM declared a dispute with a wage demand of 30%. The Chamber of Mines was offering between 16 and 23%. Following a strike ballot at 45 different mines the strike began on August 9 and at its height there were roughly 230 000 workers out. The mining houses and state security forces reacted very strongly and hundreds were arrested, the NUM office in Kimberley was burnt, meetings were banned and hundreds of workers were injured in clashes with police. By the end of August 50 000 mine workers had been dismissed. While the union suffered great losses in the strike it learnt a great deal about organising. One worker said, **“We did away with management structures like mine security and replaced them with democratic worker structures”**. The strike marked the weakening of the old systems of control and the slogan adopted at the next NUM Congress was **“Mineworkers Take Control”**. (Stewards’ Induction Course, National Union of Mineworkers, 1988)

Towards the end of 1985 most major unions advocated a minimum wage of R3.50 an hour and they saw the formation of the new super-federation of unions, the Congress of South African Trade Unions (COSATU), in November 1985 as a means of making this a reality. **COSATU's resolution on a national minimum wage** was:

1. To initiate and conduct, in alliance with other progressive organisations and trade unions in the country, an on-going national campaign for a legally enforced **national minimum living wage for all workers in South Africa**, through worker action and negotiation in every industry.
2. To fight for this **minimum living wage to be automatically linked to the rate of inflation**
3. **To have access to company accounts so that workers can see** exactly how the wealth they have produced is being wasted and misused by the employers' profit system.

In 1986 COSATU affiliates in every major industry demanded a living wage of R3.50 an hour and 40 hour working week. COSATU argued that workers cannot survive on starvation wages and that they must share in the wealth they produce.

NOTES:

A series of horizontal dotted lines for writing notes.



Telephone: 021-447 1677 Facsimile: 021-447 9244

E-mail: lrs@lrs.org.za

No. 7 Community house

41 Salt River Road

Salt River

Cape Town

South Africa

www.lrs.org.za