

Long-term wage agreements promote labour peace



When the International Labour Organisation (ILO) released its latest collective bargaining report, the deputy general secretary of the European Trade Union Confederation, Claes-Mikael Stahl, indicated that while collective bargaining is regarded as the cause of labour disputes it should in fact be the solution. With our strike season imminent and various strikes looming, collective bargaining does indeed appear to be a problem.

A strike is a weapon of power in the hands of trade unions which, unfortunately, sometimes goes hand in hand with poor judgment and abuse. As a result, workers strike themselves into being worse off because a settlement usually does not offer compensation for the loss of income incurred due to the principle of no work, no pay that applies during a strike.

No matter how undesirable an ill-considered strike may be, there are a few instances where a strike may be justified when workers are treated unfairly, especially at profitable businesses. In the wake of a justified strike the balance of power swings in favour of the unions and the mere threat of strike action will usually be taken seriously for years to come, and settlements can be reached without a strike. In such cases an effective strike can thus result in labour peace.

The paradox of a strike is that whereas the financial prejudicing of a company should lead to the financial benefit of the workers, it is the country's economy that suffers ultimately. Consequently, many labour law amendments and codes of good practice to limit strikes have seen the light of day but with little success. The government's discussion document "Framework for a Social Compact in South Africa" which was

tabled at Nedlac as input to the presidential compact between the government, business and organised labour is moving in the direction of a solution with, among other things, a recommendation in favour of multi-year wage agreements. In those cases where one-year wage agreements are negotiated a workplace can expose itself to the possibility of a strike every year while multi-year agreements create labour peace over a longer period.

The government's multi-year agreement proposal makes sense given the situation at Eskom where one-year agreements are negotiated, resulting in large-scale disruption every year. The Eskom unions may well be in favour of a multi-year agreement but due to Eskom's unbundling plans they do not want to commit themselves to a long-term agreement, preferring annual labour unrest at the expense of the economy.

Given its history of destructive strikes the mining sector has taken the lead in starting to replace the few one-year agreements and standard three-year agreements by five-year agreements.

In 2021 the Northam Platinum Zondereinde Mine signed a historic five-year agreement with trade unions, and this year Anglo American Platinum, Impala Platinum and Bushveld Minerals followed suit by concluding five-year agreements that create labour peace and will achieve operational stability.

This move is also beginning to gain ground in the Metals and Engineering Industry Bargaining Council (MEIBC) with a four-year agreement concluded with the Plastics Converters' Association of South Africa (PCASA), while current negotiations at South32's Hillside aluminium smelter are likely to result in a five-year agreement.

Meanwhile, when Sibanye-Stillwater's half-year results were released, its chief regional officer for Southern Africa Richard Steward indicated that, like its peers and in the interest of stability, Sibanye would attempt to reach a five-year agreement in its current platinum wage negotiations. However, due to an uncertain inflation environment, Sibanye is not prepared to pay an above-inflation premium for a five-year agreement and as such it will require flexibility in a long-term agreement.

Employer resistance to long-term agreements stems precisely from uncertainty about whether a company would be sustainable enough to comply with the conditions of long-term agreements. This could be overcome by including a standard clause in the agreement to adjust increases in line with a company's profitability or drastic changes in the exchange rate, inflation, commodity prices etcetera.

On the other hand, trade union resistance to long-term agreements come from the ranks of those trade unions that subscribe to an outdated model in terms of which it is believed that annual collective bargaining processes are keeping them relevant. The days of trade unions that only focus on collective bargaining and that cannot offer individual service and training opportunities to their members are numbered. While long-term agreements create a period of labour peace, the trick lies in taking the sting out of subsequent negotiations. After a wage agreement has been reached employers and trade unions should therefore carry on to resolve outstanding issues and address changes in conditions of employment

through social dialogue, thus promoting the principle of interest-based bargaining. Successful dialogue means that wage negotiations only have to focus on a wage increase while all other workplace issues are resolved through dialogue. The end result is that wage negotiations become simpler further reducing the risk of strikes.