

What's up...in the news

CABINET DELIBERATES ON SOCIAL SECURITY

A report on social security, currently before Cabinet, has proposed a phased-in basic income support system targeting initially the most vulnerable groups in society. This proposal forms part of wide-ranging recommendations made by a committee of inquiry set up to look into a comprehensive system for social security in South Africa. The idea to phase in a type of basic income support system would initially target children under the age of 18. This recommendation is in line with the committees' objective to first eradicate destitution and thereafter, to look at redistribution.

The committee of 16, comprising representation from various government departments and a number of independent experts, reviewed existing grants and benefits funded by contributions. Based on this review, the committee was then requested to consider the practical implementation of various options and whether they were viable or not.

The investigation has revealed that the current social security system is fragmented; heavily focused on a voluntary system of contributions and low levels of social solidarity. The committee's recommendations focus on moving social security away from voluntary means testing to a mandatory universal system. Key recommendations address the health system, retirement benefits, poverty and unemployment.

The thinking is to move the health system more towards a version of a national health insurance scheme, which will accommodate private health care as well. Recommendations on the retirement industry will deal with consumer protection. Discussion around poverty and unemployment focused on the rising levels of unemployment; declining

incomes and the increase in the number of low quality jobs. It was also noted that the social policy usefulness of the concept of a job was misleading as there were many in so-called employment but still living in poverty. Policy recommendations would also have to take account of a group of unemployed – older and less skilled workers – who were unlikely ever to find employment as opposed to younger more educated workers. (see p 19)

FEDUSA TO DEBATE SOCIAL SECURITY

Delegates at Fedusa's second national congress being held next month are expected to debate the future of a social security system in South Africa.

Fedusa general secretary Chez Milani says his federation with a membership of 530 000 does not support a universal income grant as proposed by Cosatu. He says the way it is currently being proposed is not practical but requires further investigation. The congress, he says, will deliberate on a national social security scheme. This is critical as the country faces rising poverty and unemployment.

In line with the congress theme of 'maximise employment-minimise poverty', delegates are also expected to debate on issues around restructuring, job creation and poverty relief. Milani says formulating positions on these issues is necessary in the build-up to the planned growth summit. Milani adds that the summit should explore viable options for raising the level of investment in the country. It is increasingly being acknowledged that the underlying failure to attract foreign direct investment is because 'local is not doing so'. Milani says if there is no domestic investment 'why should foreigners invest'.

He believes the Millennium Labour Council (MLC) could play a constructive role in the build-up to the growth summit. 'It could be a

good clearing house for ideas for the summit,' he says. Labour has benefited from the MLC especially in relation to the negotiations on amendments to labour laws. However, at the same time this process had sidetracked the MLC. The MLC, he adds, should be linked into government possibly through President Thabo Mbeki's four working groups, as well as with Nedlac. 'This is to ensure there are not a whole lot of loose structures duplicating discussions,' he says.

The Fedusa congress will be held from 21 to 22 May 2002.

CCMA APPOINTS NEW HEAD

Edwin Molahlehi, the current mayor of the West Rand district, has been appointed to take over from Thandi Orelyn as the new director of the Commission for Conciliation Mediation and Arbitration (CCMA).

Molahlehi is confident that his many years of experience in conflict resolution will assist him in managing the complex dynamics at play within the CCMA. The government-funded body aimed at resolving disputes has in recent times had to deal with its own bitter internal disputes. These have brought to the fore claims of racism, mismanagement, sexual harassment and intimidation. Molahlehi is fully aware of the challenges he faces. He says, 'when I came in as mayor on the West Rand, the politics and dynamics were terrible. A lot has changed since then.'

He believes his experience on the West Rand has given him the opportunity of not only getting hands-on management experience but at the same time managing a situation fraught with problems and inter-personal conflicts. Prior to being elected as mayor for the West Rand district, Molahlehi chaired the public service co-coordinating bargaining council, the Employment Conditions Commission as well as the Security Officers Board. These positions were not without their challenges and competing interests.

As an institution devoted to resolving



New CCMA head, Edwin Molahlehi

conflict, the CCMA, he says, had to grapple with the high standards set in terms of labour legislation. He hopes to ensure the CCMA lives up to the intentions of the Labour Relations Act. He is conscious of the need to build relations between the CCMA's management and the staff association. Molahlehi believes that despite the problems that have hampered the CCMA, 'there has always been the commitment of the staff' to public service. This is an essential part of Molahlehi who has himself served for many years in the public service.

WHERE TO FOR ALEKKOR?

Alexkor, the state-owned diamond mine in the Northern Cape, which has been hampered by an uncertain future could receive a new lease on life when Cabinet endorses a proposal to sell a portion of the mine off to an equity partner.

Over the years the mine has suffered from mismanagement, a high turnover of management staff, labour instability, a lack of

resources to continue exploration and high levels of theft and corruption. When government announced its privatisation programme in December 1995, Alexkor was one of the state-owned enterprises earmarked for privatisation. Following discussions with various stakeholders it was agreed that a company would come in and manage the mine prior to it being sold off.

In 2000 government awarded Nabera the contract to manage the mine. However, NUM has indicated that during the duration of their contract, relations between mine management and labour reached an all-time low. It is unclear whether Nabera injected much needed capital for exploration into the mine or whether government facilitated the capital outlay.

The union has indicated that Nabera mined the 'white dunes' where diamonds were highly concentrated. Government and Nabera are currently involved in delicate discussions, as per the contract, to determine whether the company added any value to the mine. If following an investigation it is found that Nabera has added value, if at all, then they will have to be compensated.

After the contract with Nabera expired, Mintek was brought in to manage the mine for an interim period. Relations between the union and Mintek have been fraught with tension after management took a decision to retrench 280 workers. Discussions are currently underway to resolve this matter.

A number of workers were also retrenched during Nabera's contract. Some of these workers were granted shallow water concessions by Nabera. However, it is understood that many of these concessions are effectively now in the hands of some of the many crime syndicates operating in the area. It is believed that there are up to 60 crime syndicates operating in the Alexkor area and these could become the subject of investigation by government agencies.

Public enterprise spokesperson Andile Nkuhlu says advisers had recently been appointed to assist government in the restructuring of the mine. In the interim it has been agreed that an equity stake of 25% would be sold off to a strategic equity partner.

However, Cabinet has agreed to increase this equity stake to 50% plus one. Pending finalisation of this, the board had been instructed to sort out the security problems. Nkuhlu says the board has been tasked with the responsibility of drafting a strategy to protect mine deposits.

LESSONS FROM SPOORNET RESTRUCTURING

Government and labour have emerged from the lengthy negotiations on the restructuring of Spoornet claiming the process could serve as a model for future engagement.

Following the privatisation strike last year questions were raised as to whether labour would oppose all forms of state asset restructuring and whether engagement was possible.

Labour has hailed the Spoornet deal as an example of where engagement and deal making is possible.

Much has already been written about the deal struck between labour and the Department of Water Affairs and Forestry on an agreement to restructure and sell off large portions of the state's forests. This agreement provides a good example of what can be achieved through constructive engagement, Lael Bethlehem, chief director of forestry in the department says.

Bethlehem says the department took its relationship with labour seriously. As a result, a lot of time and effort was spent to ensure a deal. It was not easy for unions and workers to agree to restructuring, but they did so to make the forests viable in the long run. The turning point was, however, an acknowledgement by labour that government should not be in the business of selling timber, which represents a real commercial activity. However, if either party had adopted an ideological position, agreement would have been impossible.

Initially this appeared to be the route parties in the Spoornet restructuring process were going to follow. Labour opposed government's initial restructuring plan, which included the concessioning off of certain profitable lines. Sources close to the process

now argue that in hindsight government should have consulted all stakeholders including labour, the users of Spoornet and other interested parties to get a consensus view on the way forward. This could have meant that labour would have been able to influence the direction of policy prior to it being approved by Cabinet. It is now being acknowledged that a critical starting point for any restructuring plan is public debate on the process and why the sector or organisation needs to be reformed or restructured.

Labour has, however, put a large part of the blame on the consultants used by government to drive this process. Labour has argued that government cannot just bring in consultants and think their proposals are final. Labour believes government needs to learn from this process by seriously reviewing the type of consultants it brings into the processes. Labour has argued that government used transport specialists and this had a detrimental effect on the process.

Some would, however, argue that this is a simplistic assessment of the situation as consultants are employed to carry out government's mandate. The real issue is around balancing all stakeholder interests in a restructuring process. There should have been more active engagement prior to a final government position being adopted by Cabinet. Public enterprise spokesperson Andile Nkuhlu says there were transport specialists amongst the group of consultants appointed to advise government. Aside from this issue, 'the key lessons all parties can learn is that there can be room for government and labour to find each other,' Nkuhlu says.

The process was able to deliver a common vision with labour making a very positive contribution while government listened, he says.

Labour believes the consultants were instructed to develop a proposal, which fitted in with government's idea to privatise at all costs, despite the broader costs to society. The result was the drafting of a proposal, which labour argues, if implemented, would have been in direct conflict with government's transport policy, which is to shift freight from

road to rail. Observers have, however, questioned whether this is happening in practice because of existing inefficiencies in rail.

The agreement struck differs from the proposals initially approved by Cabinet in December 1999. One of labour's advisers, Karl von Holdt, says the agreement reached was not the result of traditional collective bargaining where both sides made trade offs. That is the approach government wanted to adopt when parties eventually got down to talking, he says. However, as the process unfolded it became clear that government's proposal had no financial, business or developmental rationale.

Nkuhlu says eventually parties sought a collaborative solution, which took into account broader development issues as well as the future viability of the operation. The agreement, he says, represented a delicate balance between commercial rationale and developmental and other issues. 'The status quo will not remain in place. Instead, there is an effective turnaround strategy for Spoornet.' The agreement represented a South African solution crafted by South Africans, Nkuhlu says.

Cosatu general secretary Zwelinzima Vavi says 'we support the process of restructuring that is linked to specific policies and where it fits in with a broader industrial policy. You cannot restructure without knowing what you want to do with the entity.' The restructuring of Spoornet had to be linked to the need to build a viable public transport system, which in turn had to complement an industrial strategy to make the economy work.

Vavi believes this process has shown that mass mobilisation coupled with engagement can work.

'There can be no substitute for genuine engagement,' he says. The jury is still out as to whether this compromise deal will benefit broader society in the medium to long term. It is all very well for the profitable lines to subsidise the low density or unprofitable lines – but if the trend by companies to continue to shift freight from rail to road continues Spoornet could be forced to review its operation.