



Support for Swapo pre-independence.

which would mean an increase of 4 to 5% (*Namibia Economist*, 20-26 July 2001).

Although Ongopolo and Skorpion obtained EPZ status for their processing operations only, it is likely they will use the EPZ status to gain complete tax exemption for their profits. Simple accounting tricks like transfer pricing will ensure tax exemption and deprive the Namibian state of tax revenue from the mining sector, which has so far contributed significantly to the national income. The Namibian government viewed Ongopolo and Skorpion Zinc mining ventures as proof that the EPZ programme is working and should be used to silence EPZ detractors.

The decision by a Malaysian textile company Ramatex to set up a R1 billion project ahead of South Africa and Madagascar was also viewed as a major victory for the EPZ programme. This was

achieved by offering even greater concessions – above those granted to other EPZ companies. Government put together an incentive package which included subsidised water and electricity from the parastatals, a 99-year tax exemption on land use as well as R60 million to prepare the site including the setting up of electricity, water and sewage infrastructure. This was justified on the grounds that the company would create 3 000 to 5 000 jobs during the first two years and another 2 000 jobs in the following two years.

The plant will turn cotton into fabrics and the Namibian government hopes that local cotton producers will be able to increasingly supply the required cotton. Initially all the cotton will be imported – duty free. Ramtex' decision to locate production in Southern Africa is believed to be motivated by the aim to benefit from

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Namibian President Sam Nujoma during independence celebrations.

the Africa Growth and Opportunity Act (AGOA) which allows for duty free exports to the US. The Ramatex case is a classical example of SADC countries competing with each other in the race to the bottom for foreign investment.

Unions in a bind over EPZs

The Namibian trade unions have been relatively quiet during the recent EPZ debates. They re-iterated their demand for inclusion of the right to strike for EPZ workers and the clause prohibiting strikes in EPZs was not re-enacted by the Namibian parliament. EPZ workers thus can now go on 'legal' strikes. However, the labour movement has not been very vocal on the broader negative implications of the EPZ programme.

The NUNW found itself in a tricky situation alongside its affiliate, the Mineworkers Union of Namibia (MUN).

Both unions own 10% shares in Ongopolo Mining and Processing Limited which took over the Tsumeb Copper Mines from TCL, which had closed down its operations in 1998. Ongopolo is a joint venture between former TCL managers, the Namibian government, private investors and the union investment companies Labour Investment Holding (owned by the NUNW) and the Namibian Mineworkers Investment Company (NAMIC) owned by the MUN. The general secretaries of NUNW and MUN serve on Ongopolo's board of directors, which is currently chaired by the NUNW secretary general.

As an EPZ company, Ongopolo enjoys corporate tax exemption and other EPZ benefits. It was, however, in the workers' interest

to re-open the copper mine and smelter plant and it can be argued that unions had to play an active part to ensure this happened after a closure of more than two years. It seems, however, highly problematic that unions through Ongopolo have now bought into the EPZ policy and will thus be compromised if they want to question its viability. This is likely to lead to continuous debates about the question of priorities and conflicts of interests arising out of union investment companies. It would be self-defeating if unions' business involvement would prevent them from criticising questionable development strategies like the EPZ programme. For now, it seems that Namibia - in particular the Ministry of Trade and Industry - will continue investing significant resources into this programme despite its poor results during the first five years.

The Namibian labour market is becoming characterised by the use of labour brokers or labour hire companies. In its study, LaRRI, examined the effects of these companies in terms of job-creation, training and conditions of service. The study also looked at trade union response and proposed regulations to regulate this industry.

A new form of slavery?

The emergence of labour hire companies has resulted in heated debates and angry responses from the Namibian labour movement. Labour hire companies do not offer permanent employment to workers. The length of employment contracts between worker and labour brokers depends on the needs of the particular client company at that point in time. Companies utilising the services of labour hire companies include: Rossing Uranium, Namib Mills, PCI, ABB, Namibia Breweries, Hansa Breweries, Wesbank transport, Brandberg Construction, Namibia Press and Tools (EPZ company in Walvis Bay) and parastatals such as Transnamib, Nampost and Telecom Namibia.

Namib Labour Hire (NLH) is the largest labour hire company in Namibia, employing about 1 500 workers countrywide on an ongoing (but contract-bound) basis. The other labour hire companies are much smaller and are limited in their operations to specific towns or companies.

Most of the companies interviewed indicated that they use labour hire workers mainly during peak periods, for example loading and off-loading trucks, plant cleaning etc.

This indicates that the ability to obtain and dismiss workers at will, in line with company requirements, seems to be the main reason for using labour hire workers. It allows client companies to turn labour into a commodity that can be ordered and

disposed of without any social responsibility towards the workers concerned. Although the overall costs of recruiting casual workers through labour hire companies might not be significantly less than recruiting casual workers directly, the convenience for clients is greatly enhanced. In addition, such workers are not generally unionised and can therefore be used as 'scab labour' during strikes.

Some managers interviewed cast doubt on the viability of recruiting workers through labour hire companies on a medium to long-term basis. One manager said it was in the company's own interest to nurture some loyalty between the workers and the company which is not possible under the labour hire arrangement. The manager added that by employing workers permanently, the company would achieve better labour relations, increased loyalty and improved productivity which could be further enhanced through the company's own training programmes.

Recruiting casual workers through labour hire companies reduces overall costs for the client company. Payments are made directly to the labour brokers and not the workers and do not include other costs associated with permanent employment like benefits and leave pay.

Labour hire companies pay their workers a certain hourly rate, provide them with safety equipment and usually register them with social security. NLH still

provides transport for its employees but offers no other benefits. In turn, the labour hire companies keep 25% to 50% of workers' hourly wages.

Labour brokers eventually start competing with each other, resulting ultimately in lower wages for the contract labour. Former NLH employees started their own labour hire companies and tried to win contracts by offering the same services at lower rates. Some of these companies deducted as much as 75% for their workers' earnings and paid workers as little as R2 per hour. Wages can range between R3,50 and R5,20 per hour. Most labour hire workers earn less than R4 per hour. These rates could be compared to an estimated rate of R6,20 per hour paid to casuals employed directly by a company.

Studies found that the minimum rate was reduced to about half once the workers were employed through a labour hire company. The majority of workers employed by labour brokers are young, and unskilled or semi-skilled with limited tertiary education. Some labour hire companies indicated that workers were offered training in various areas. However, during our interviews with NLH workers, 28 of the 29 randomly selected workers indicated that they never received any training.

The Namibian labour movement has responded angrily to the emergence of labour hire companies. NUNW secretary general, Ranga Haikali, presented the union's position to the LAC following workers demonstrations and a petition to the government. He pointed out that labour hire companies posed a particular problem for workers and their trade unions. Their workers are not covered by collective agreements and are extremely vulnerable as they depend on renewed contracts for their survival. At present, only NLH has a recognition agreement with a

trade union, the MUN.

Haikali added that labour hire companies reminded the labour movement of the contract labour system under which Namibian workers suffered before independence: 'Our memories are still fresh about the role SWANLA played in upholding an unjust and exploitative system and we seem to allow a revival in the form of labour hire companies. We need to take stock of the goals we set ourselves during the liberation struggle and of the rights and freedoms brought about by our independence. Are these goals and achievements cherished or are we beginning to undermine and destroy them? Are we moving forward as a free people in a free country or are we moving backwards? We need to realise our historical responsibility for the destiny of our country, the destiny of our people and the destiny of future generations. The emergence of labour hire companies coupled with a broader emphasis on 'labour flexibility' poses a major challenge to the achievements of the Namibian labour movement.'

The use of labour hire workers reflects (in part) an attempt by employers to regain greater control over workers (and their trade unions). Calls for greater 'flexibility' in the deployment and use of labour therefore amount to an attack on the joint regulation of work practices.

Proposed new regulations

The Namibian government identified Namibia's high unemployment rate and employers' attempts to avoid high social costs as key factors contributing to the emergence of labour hire companies. However, the government was not prepared to outlaw their operations and instead proposed guidelines to regulate labour hire companies and employment agencies.