UASA
THE UNION

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Why has unemployment remained above 20% for more than 20 years!

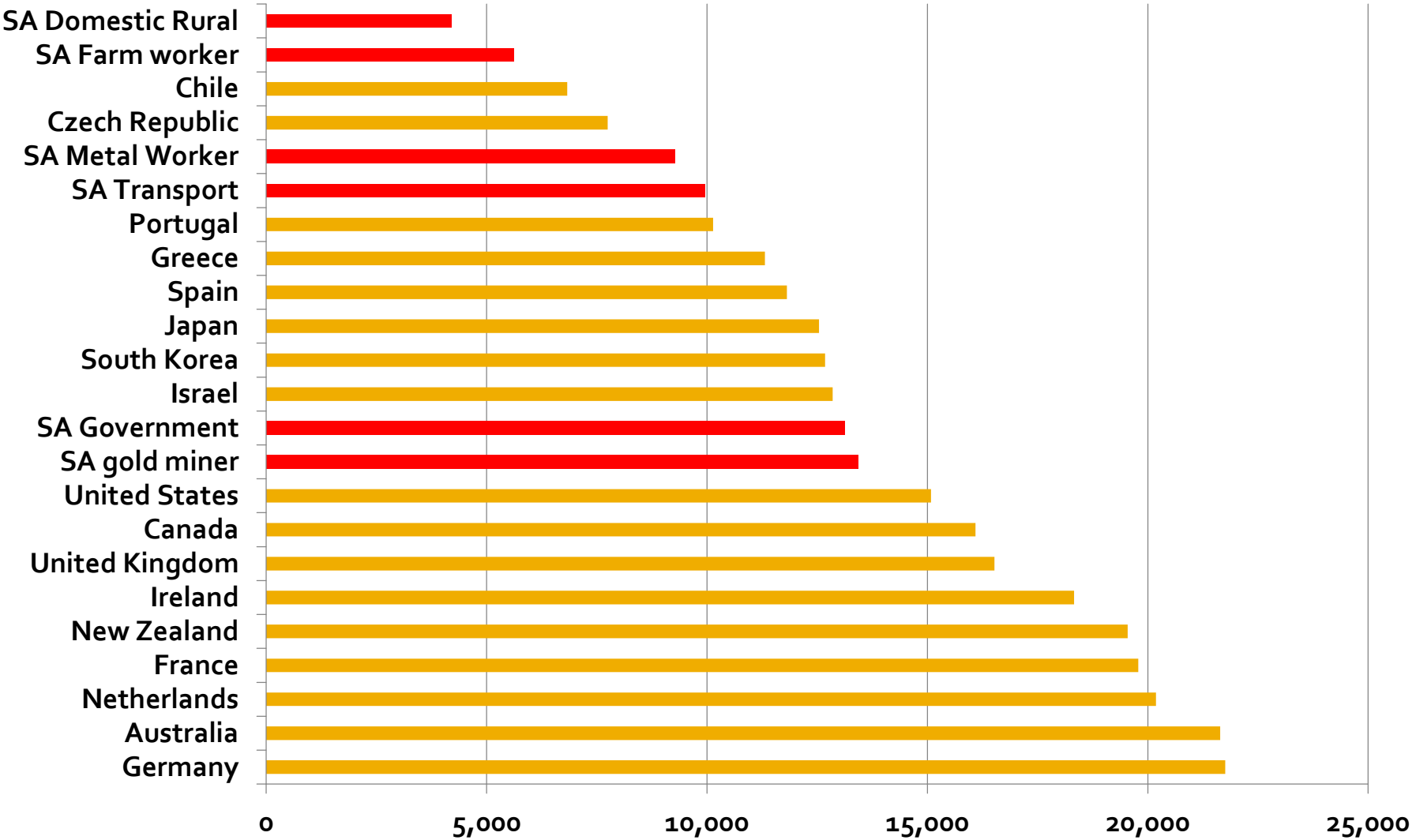
A look at long term changes in salaries and wage gaps.

(Wage agreement data never before revealed)

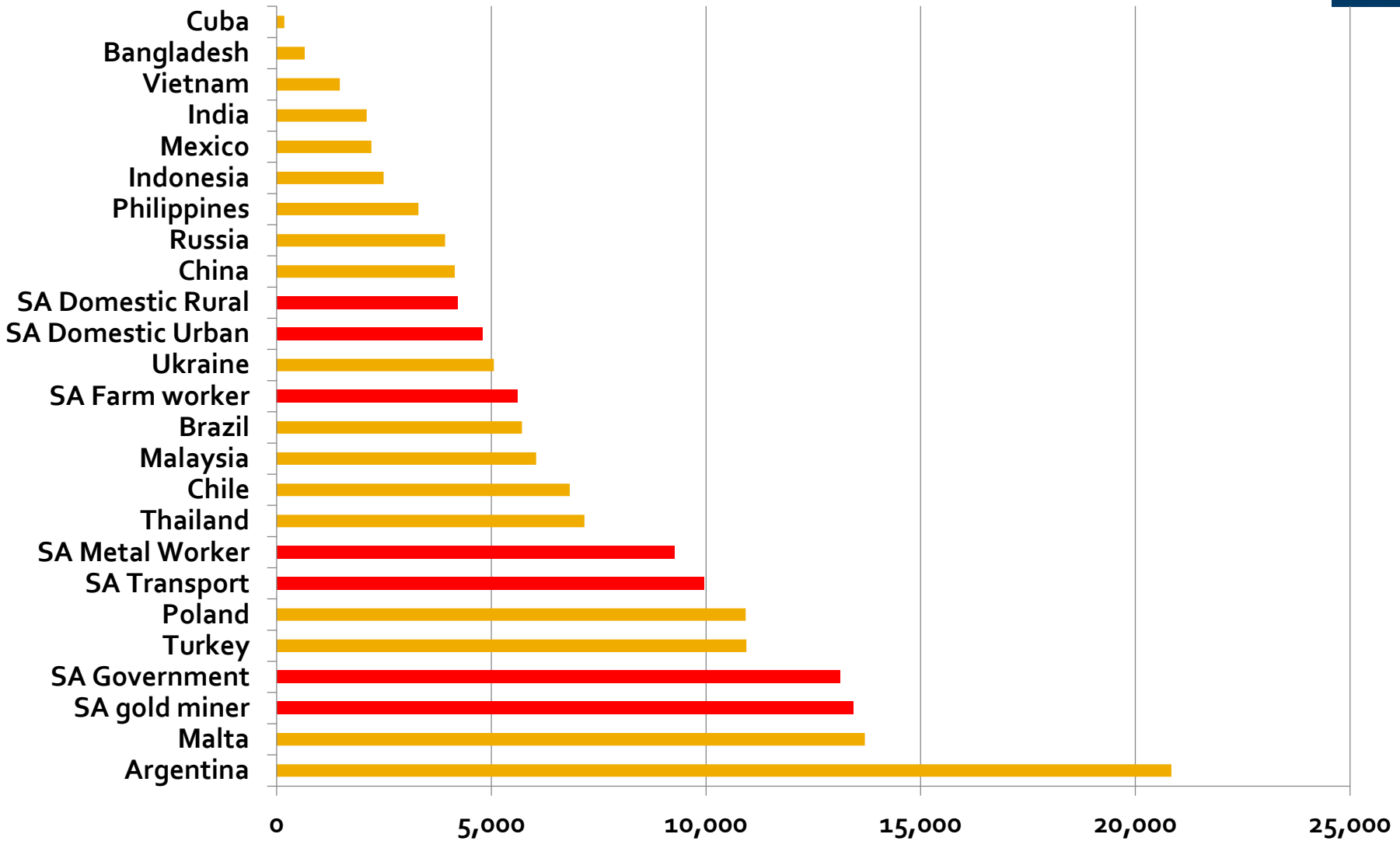
The declining gap vs the increasing GAP.

- Small recap from last year.
- Wage agreements and the level of wages.
  - Bargaining councils; Bilateralism; Sectoral Determinations.
- Other factors.
  - Notch increases; Roll up of minimum wages; Other benefits.
- What about the skilled?
  - Are the skilled losing out
- Is this perhaps why unemployment is growing.
  - Is the Palma more important than the Gini for SA?

SA sector vs. Developed Countries. Level of minimum wages by PPP rates.



SA sectors vs. Emerging Markets. Level of minimum wages by PPP rates.



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In most cases it seems that minimum wages of elementary workers increased much faster than those in the middle and indeed those in some management positions. (We refer here to junior management and technical levels.)

The increase in minimum wages compared to other wages over the decades.

Bargaining Councils

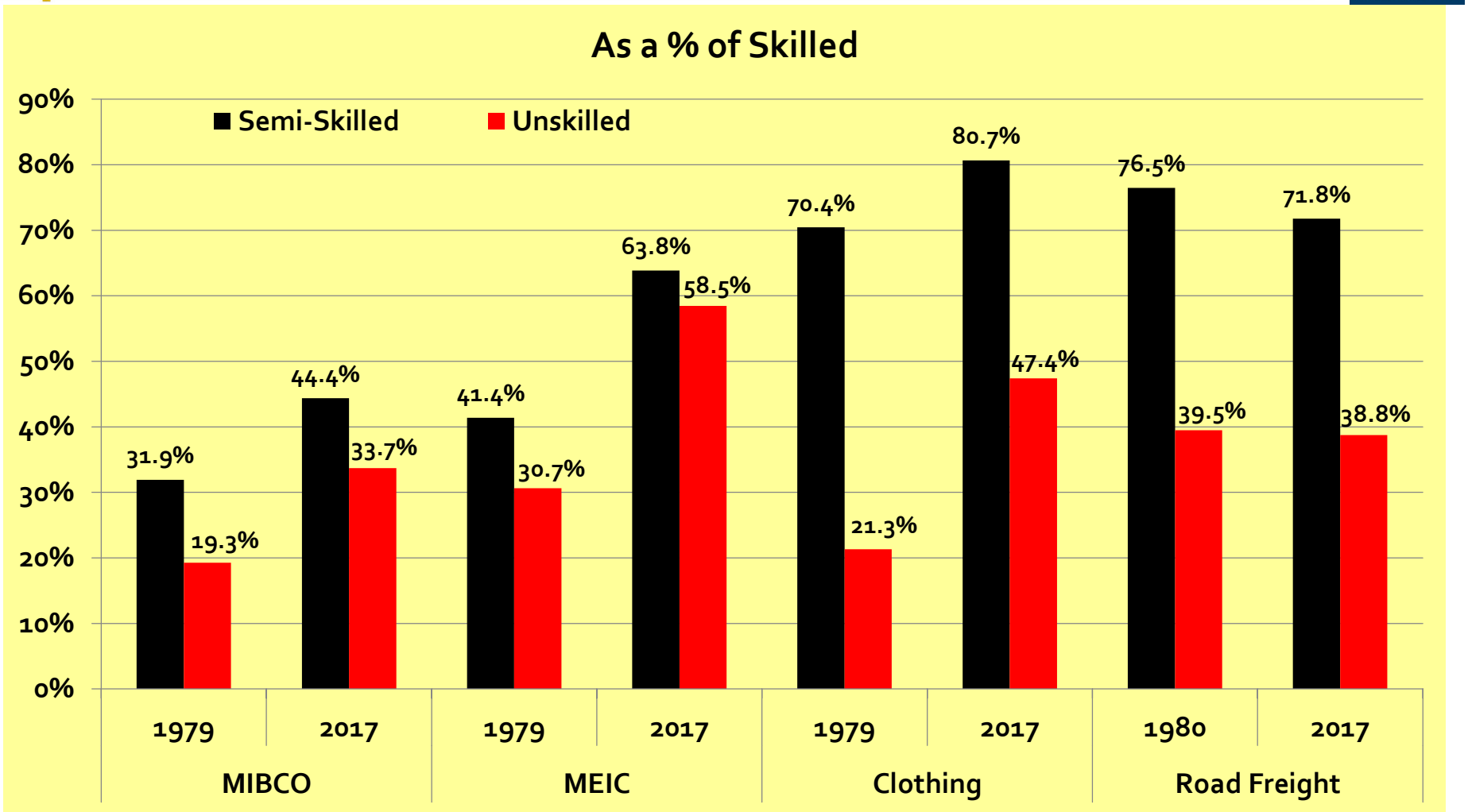
This is an industry wide negotiation with a range of unions and even subsectors within a bargaining council

Number of BC's and coverage, 1992 to 2014.

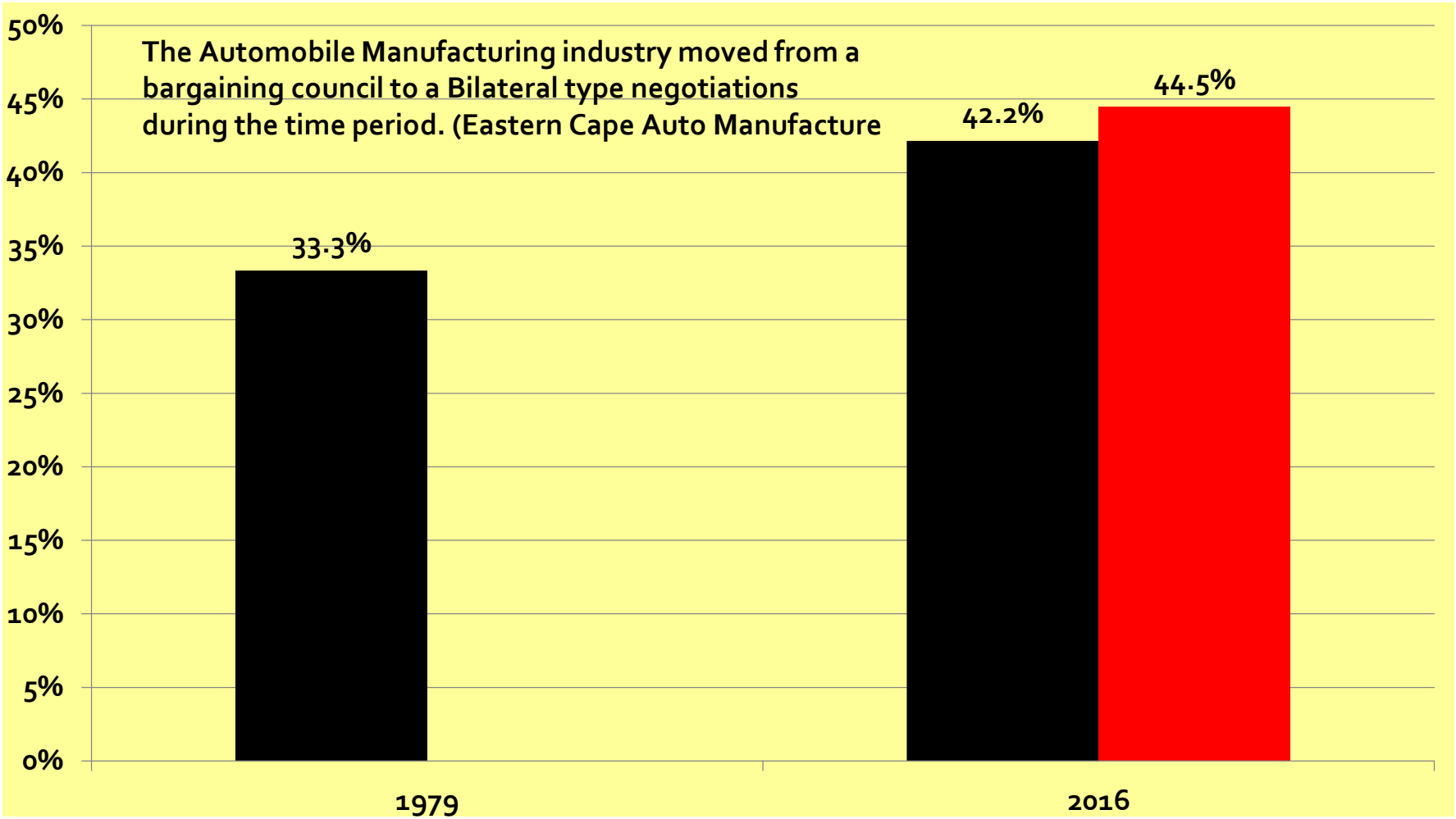
Year	No. of Bargaining Councils	No. of employees covered by BC agreements
1992	87	735 533
1998	76	632 992
2004	48	2 358 012
2010	47	2 520 718
2014	44	2 505 074

Source: Department of Labour. Ian Macun.
Could be more I think as extended agreements get firms involved who may never give their employee numbers to a council. For example government employees including local government number over 1 850 000. Transport industry has over 110 000 employees.

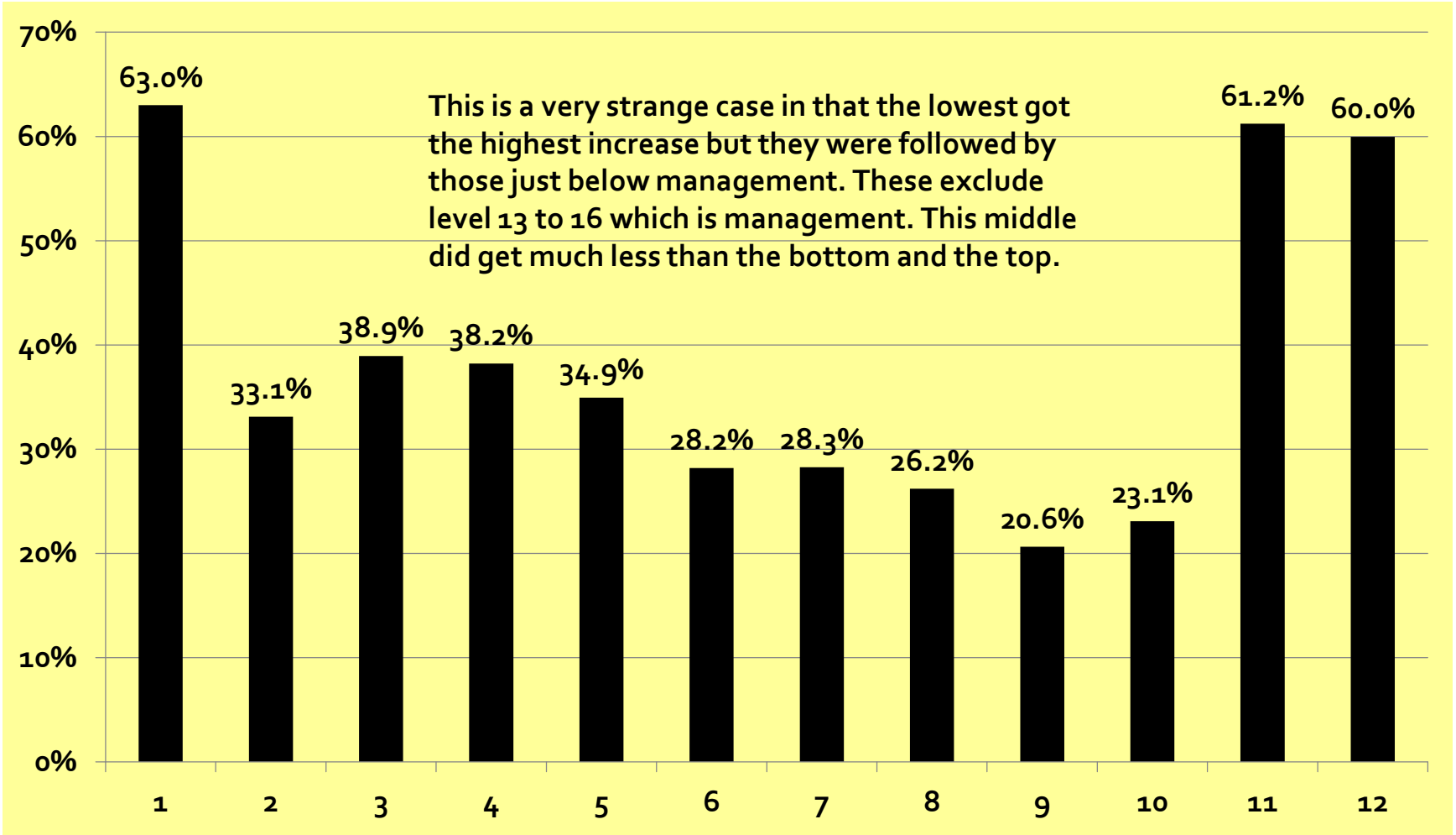
Near 40 year history shows most bargaining councils sectors show a narrowing of the wage gap.



40 years in Auto Manufacturing the Gap also closes even while Bargain council now defunct.



National Government salaries real % increase from 1996/97 to 2017/18 by salary notch.



Bilateral Agreements

These agreements are between an industry and a range of trade unions or sometimes one trade union and one company.

Registered Trade Unions and union membership.

Year	Numbers	Collective Membership
1990	209	2,810 712
1996	334	3,016 933
2000	464 *	3,552 113
2005	341	3,134 865
2007	261	3,245 121
2008	216	3,180 304
2009	205	3,294 913
2010	200	3,057 772
2011	194	3 192 530
2012	191	3 028 400
2013	188	3 250 100
2014	186	3 556 365
2015	186	3 556 914

***Highest no of TU**

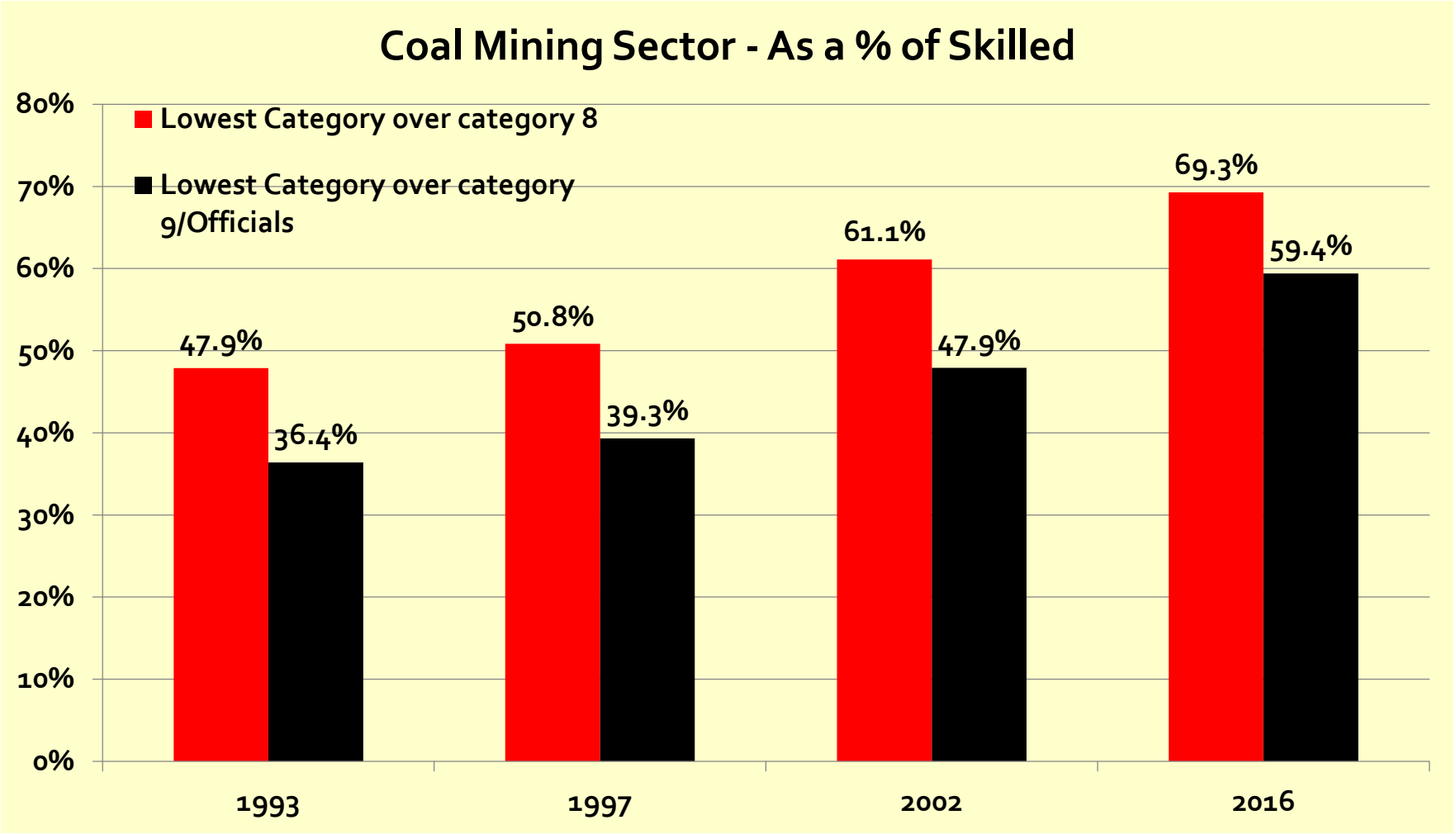
Source Department of Labour: Ian Macun

Trade union membership did increase, while the density of union membership declined. That may be because unions were successful at negotiating better wages for particularly low skilled workers who probably declined too.

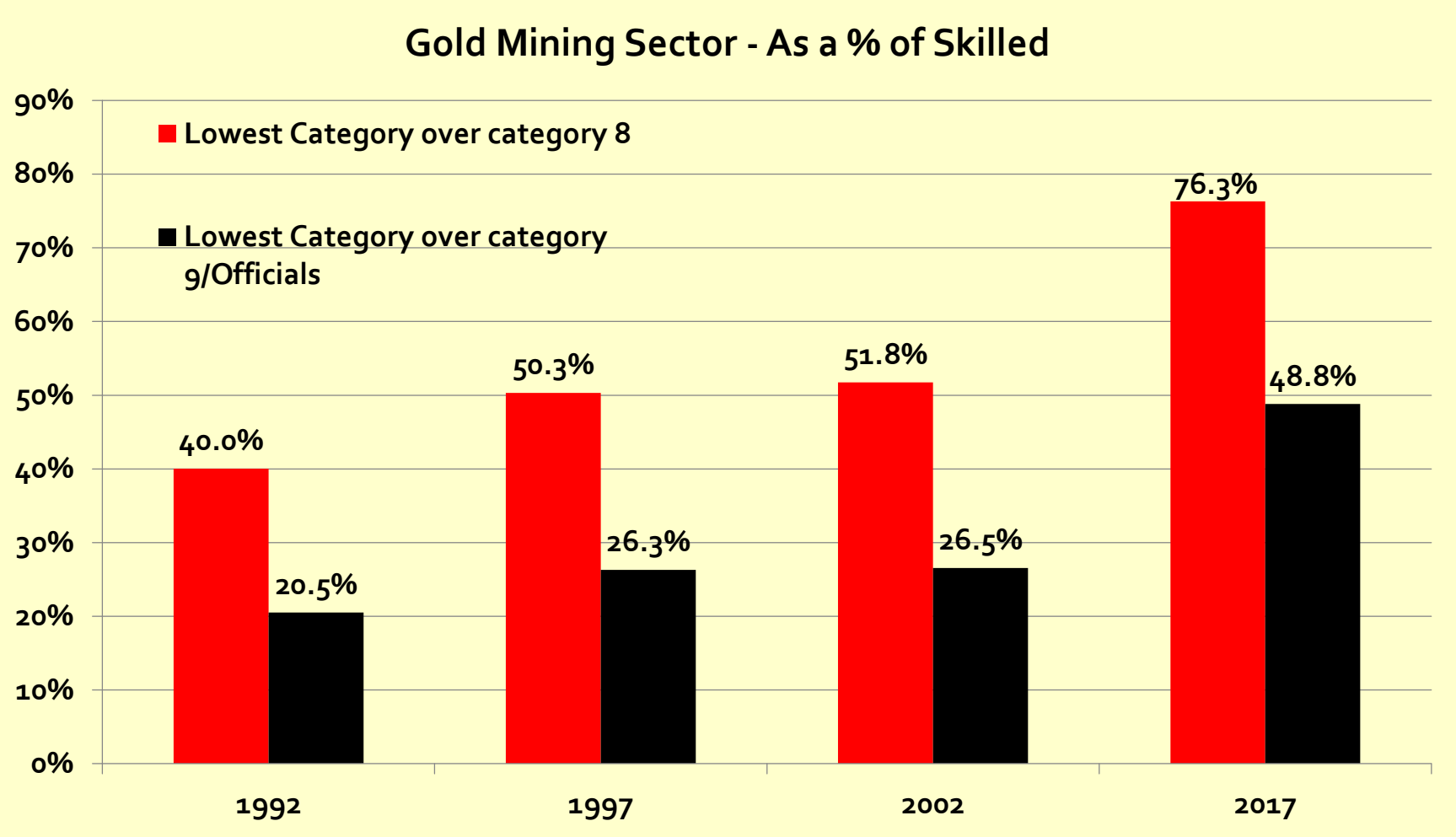
Current coverage of Bilateral' s and Multilateral's.

- While it is difficult to say how many employees are covered, it is surely more than just the union membership as many "free riders" benefit from these agreements such as those at say mining industry or the Vehicle manufacturing industry.
  - It seems that union membership is around 1,3 million or so. Adding say 50% here would leave us with about 2 million employees covered via union and industry agreements.
  - Some firm to firm agreements such as SAA; Comair would add to these numbers. (another say 300 000 maybe?)

24 years of wage settlements in Coal and the ratios have changed.



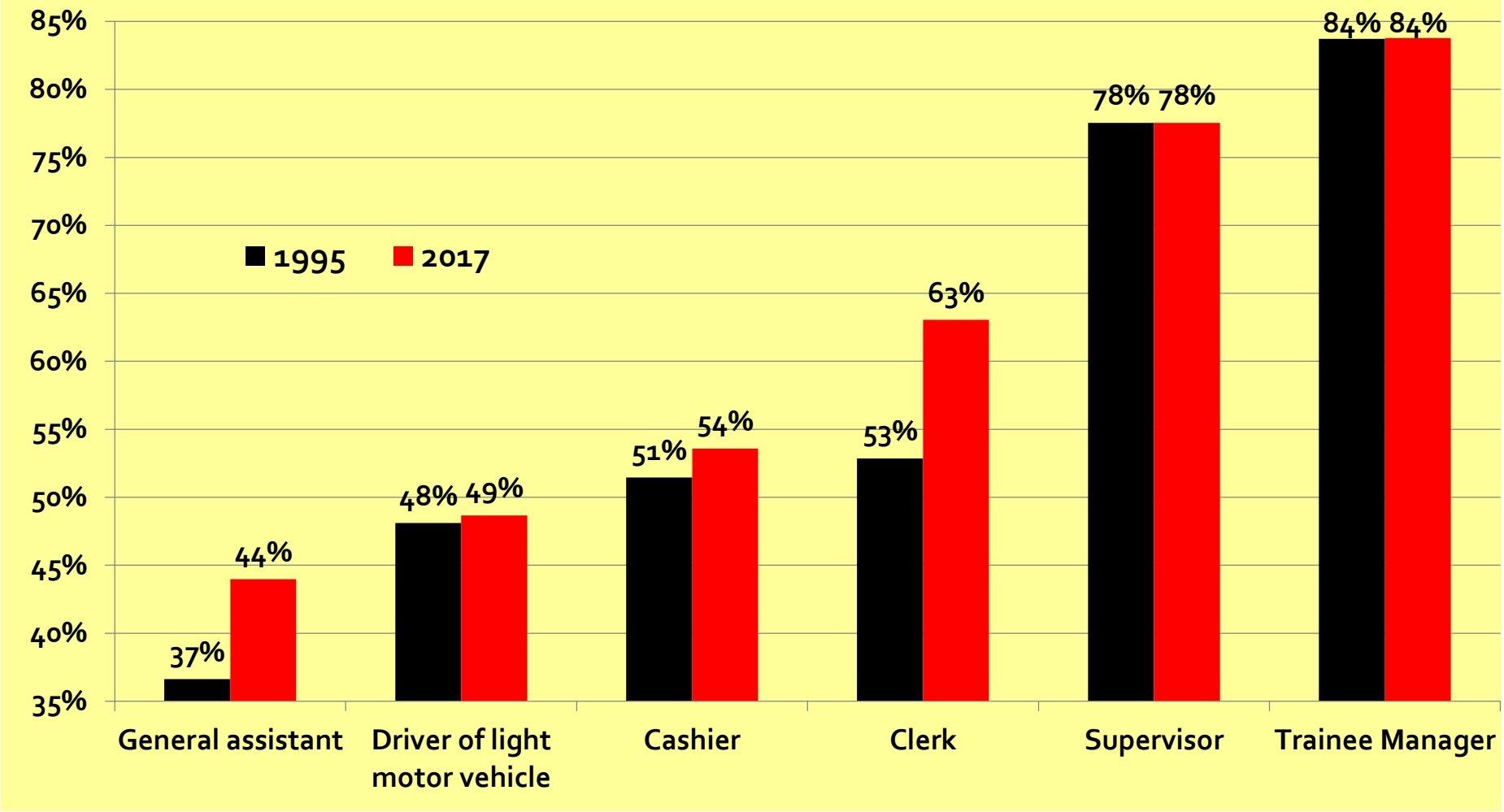
Gold Mining over 25 years.



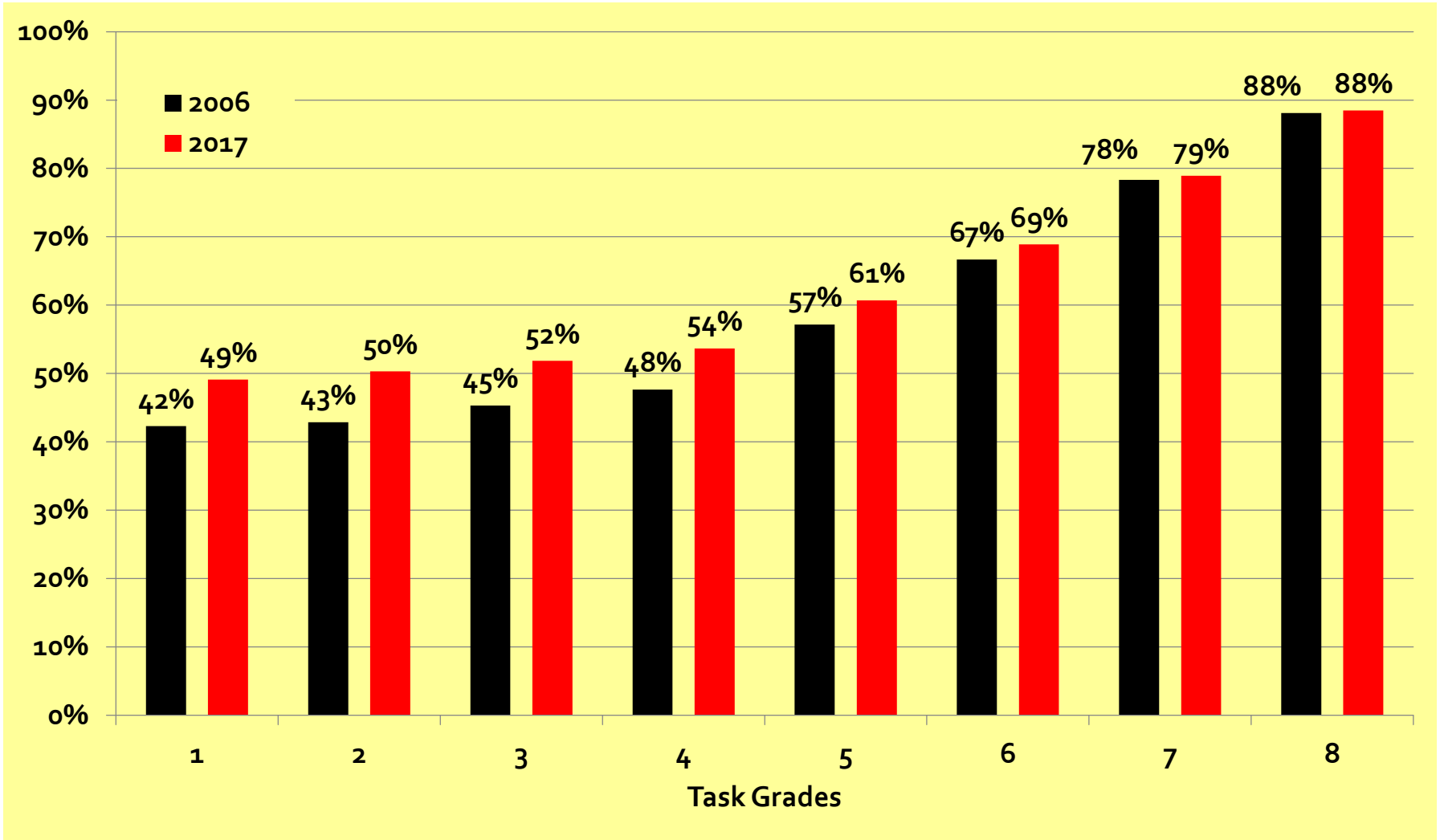
Sectoral Determinations

These sectors are generally the most poorly paid sectors in the economy.

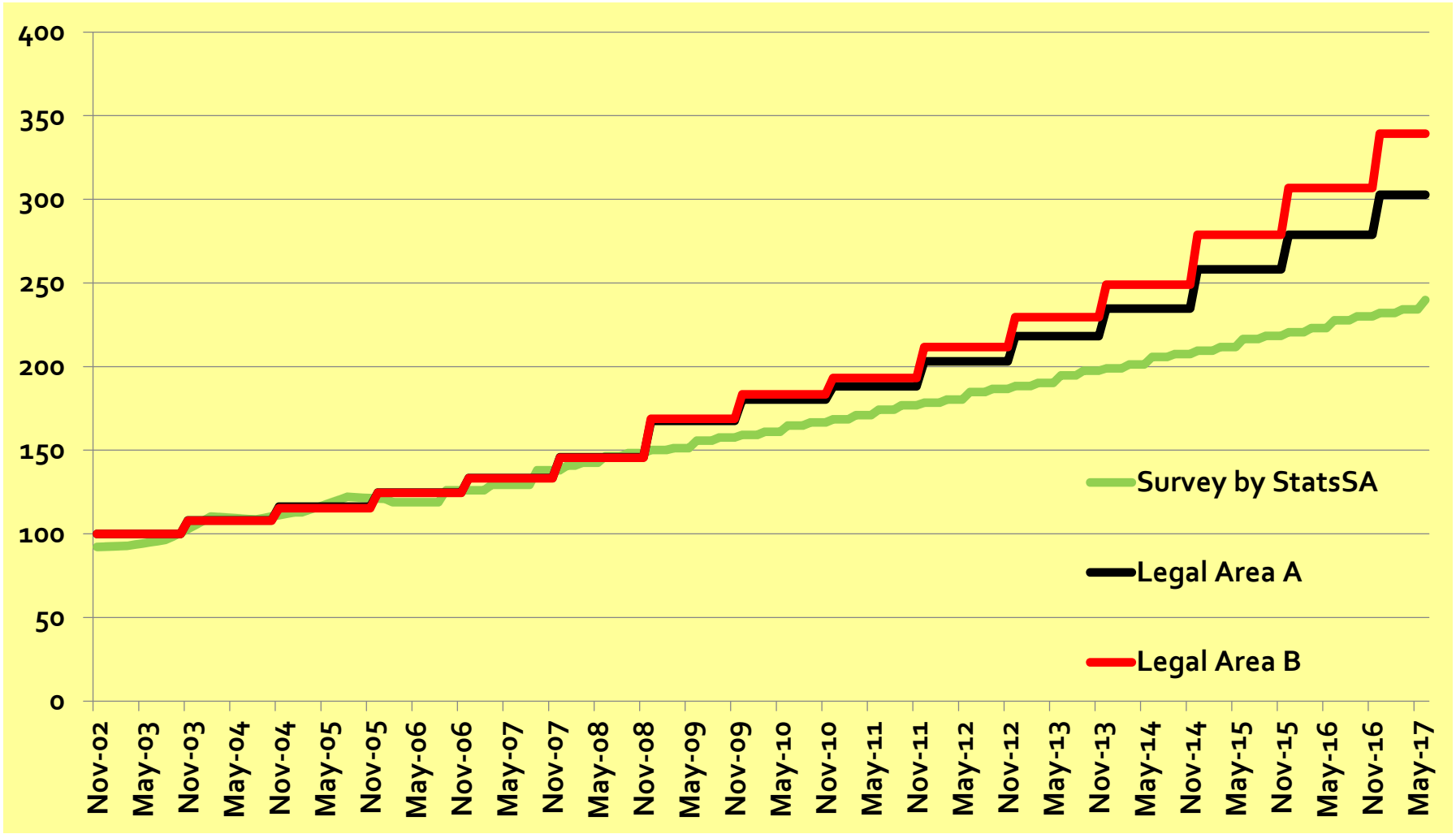
Wholesale/ Retail Trade. Category salaries as % of Store Manager.



Civil Engineering Sector Task Grades as % of Skilled Task / Patterson Grade 9.



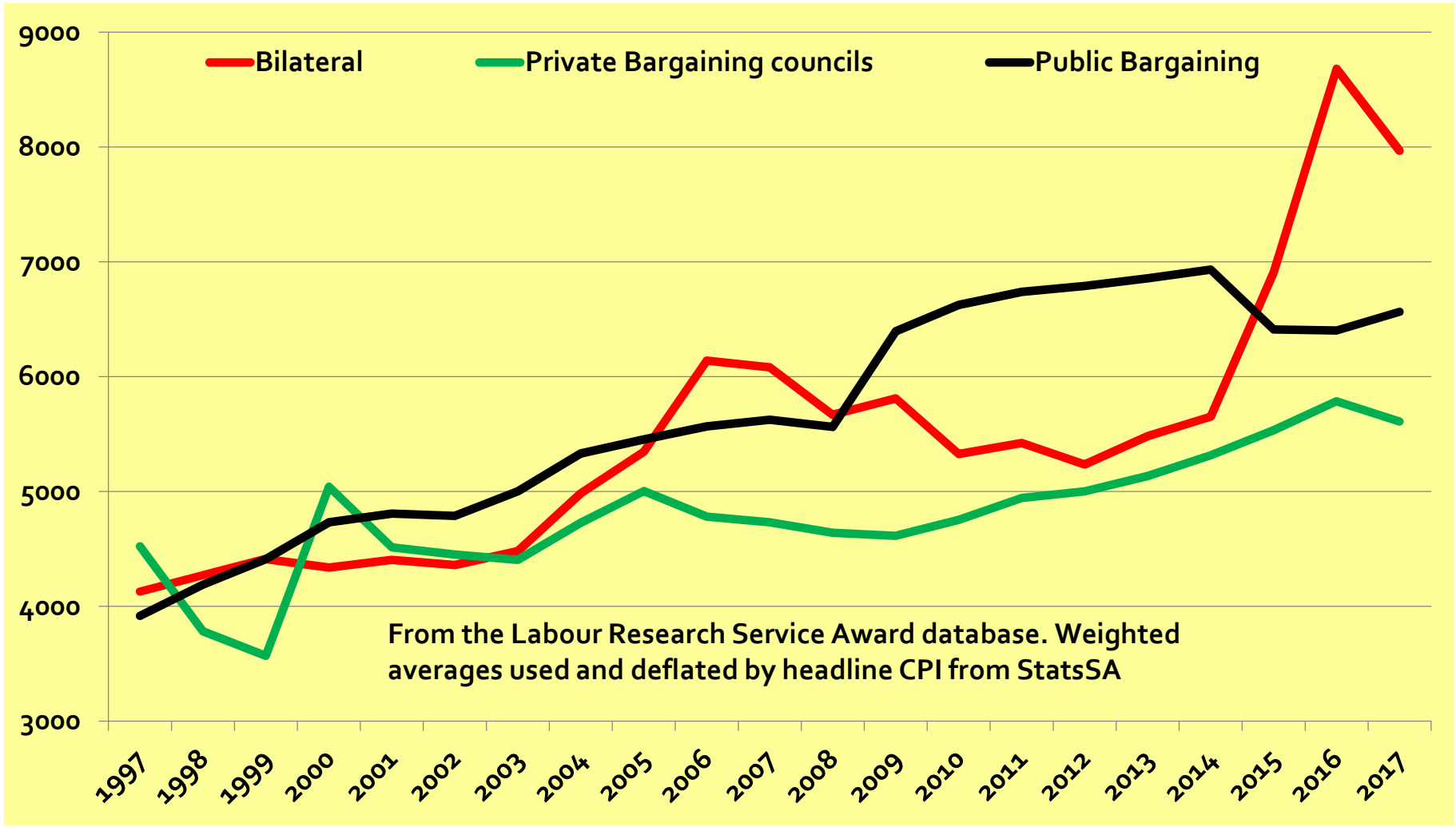
The sectoral wages for Domestic Workers increased faster than that surveyed.



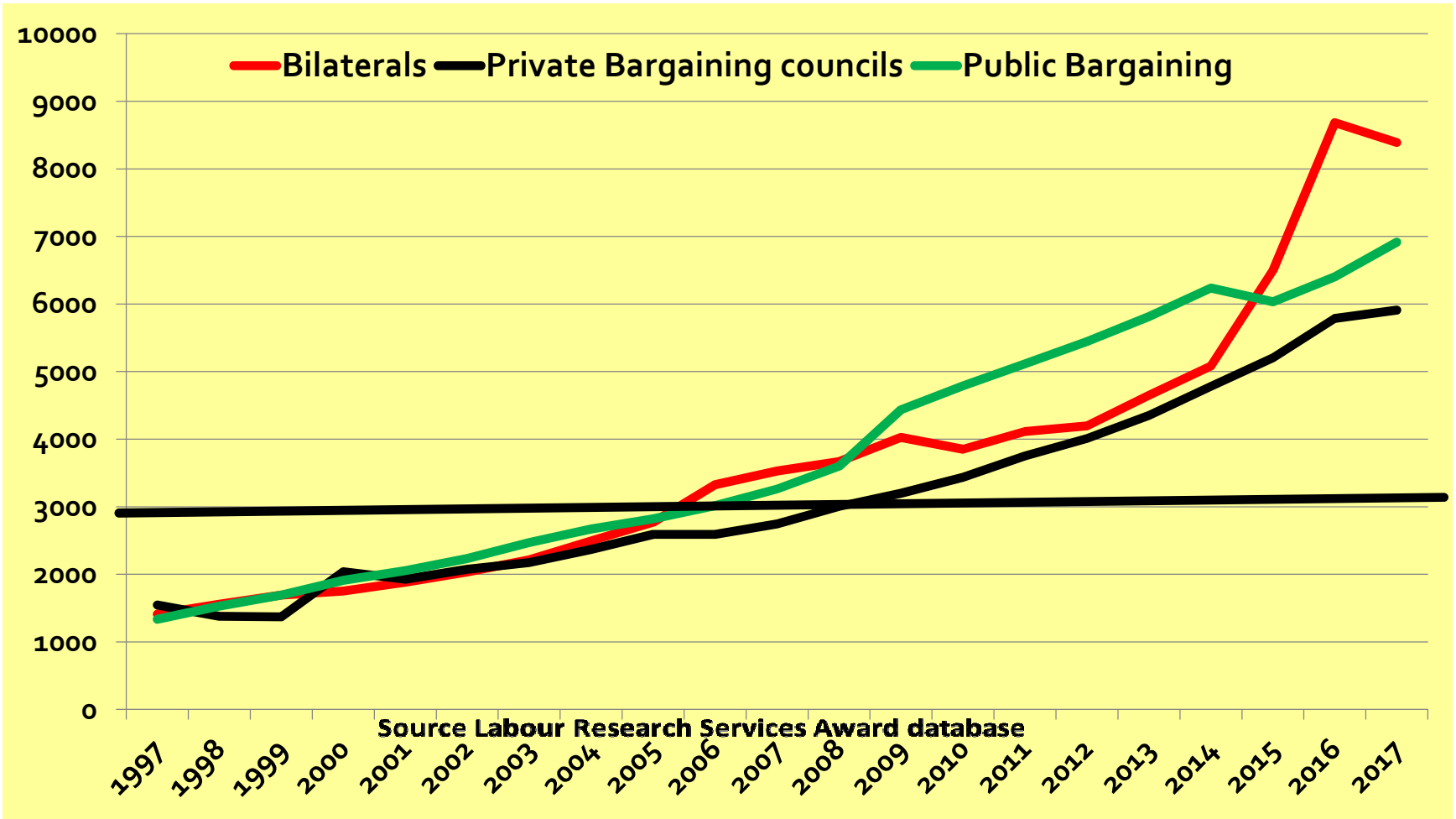
A 20 year history of Legal Minimum Wages across South Africa.

Legal wage agreement outpace inflation and they also close the gap between the Bottom and the Middle and probably even Professional and Technical workers.

Real minimum wages in last 20 years for Elementary workers.



Average weighted nominal minimum wage by type of agreement for Elementary workers.



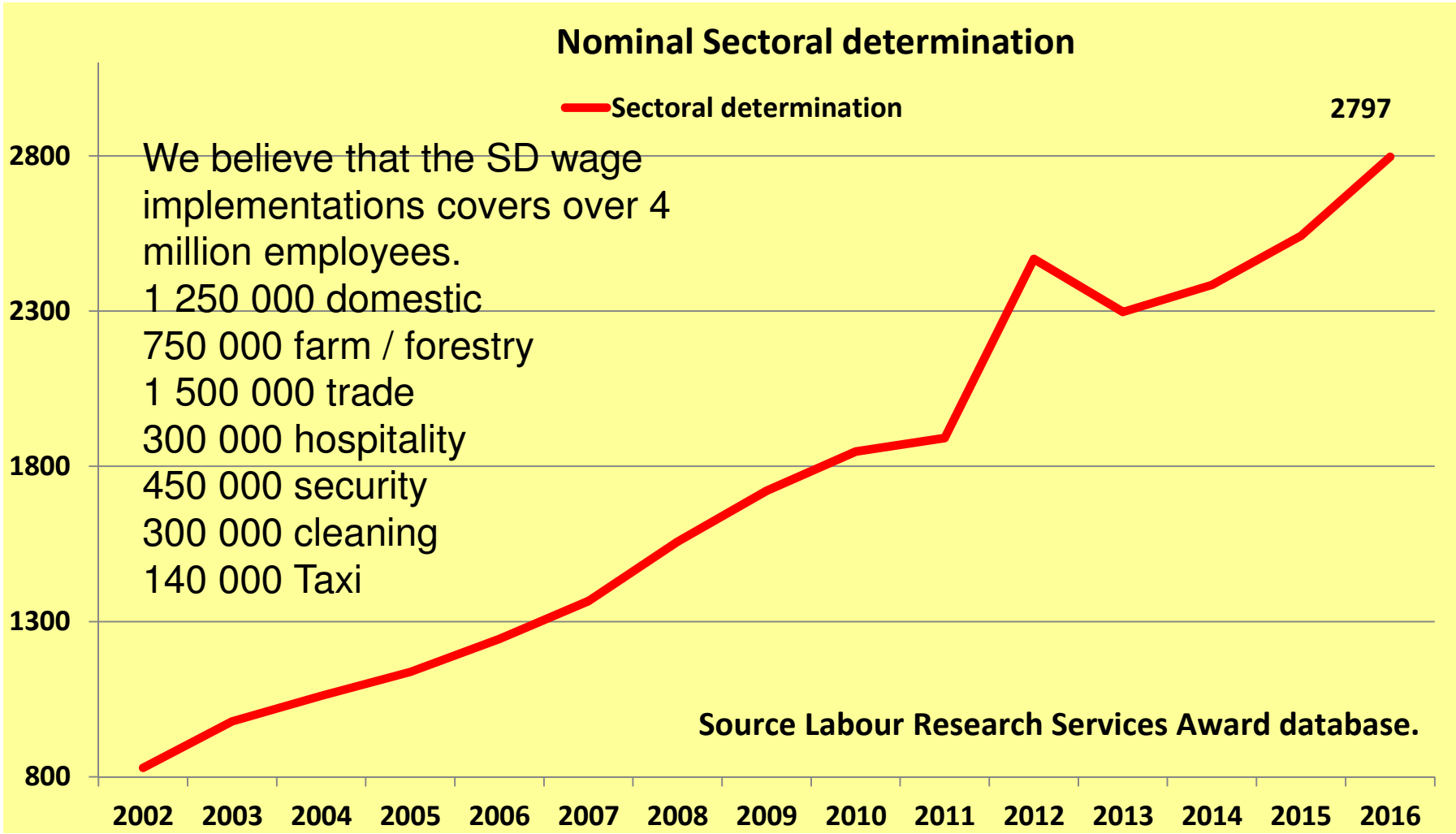
The minimum wages for Bargaining councils and Union negotiated settlements.

- The public sector bargaining council wages surpassed the R3500 level in 2008.
- Union negotiated settlements in industry and firm levels surpassed the R3500 level in 2007.
- Private bargain councils surpassed the R3500 level on average in 2011.
- Sectoral determinations are not yet there mainly due to domestic, farm, forestry, security and taxi workers.

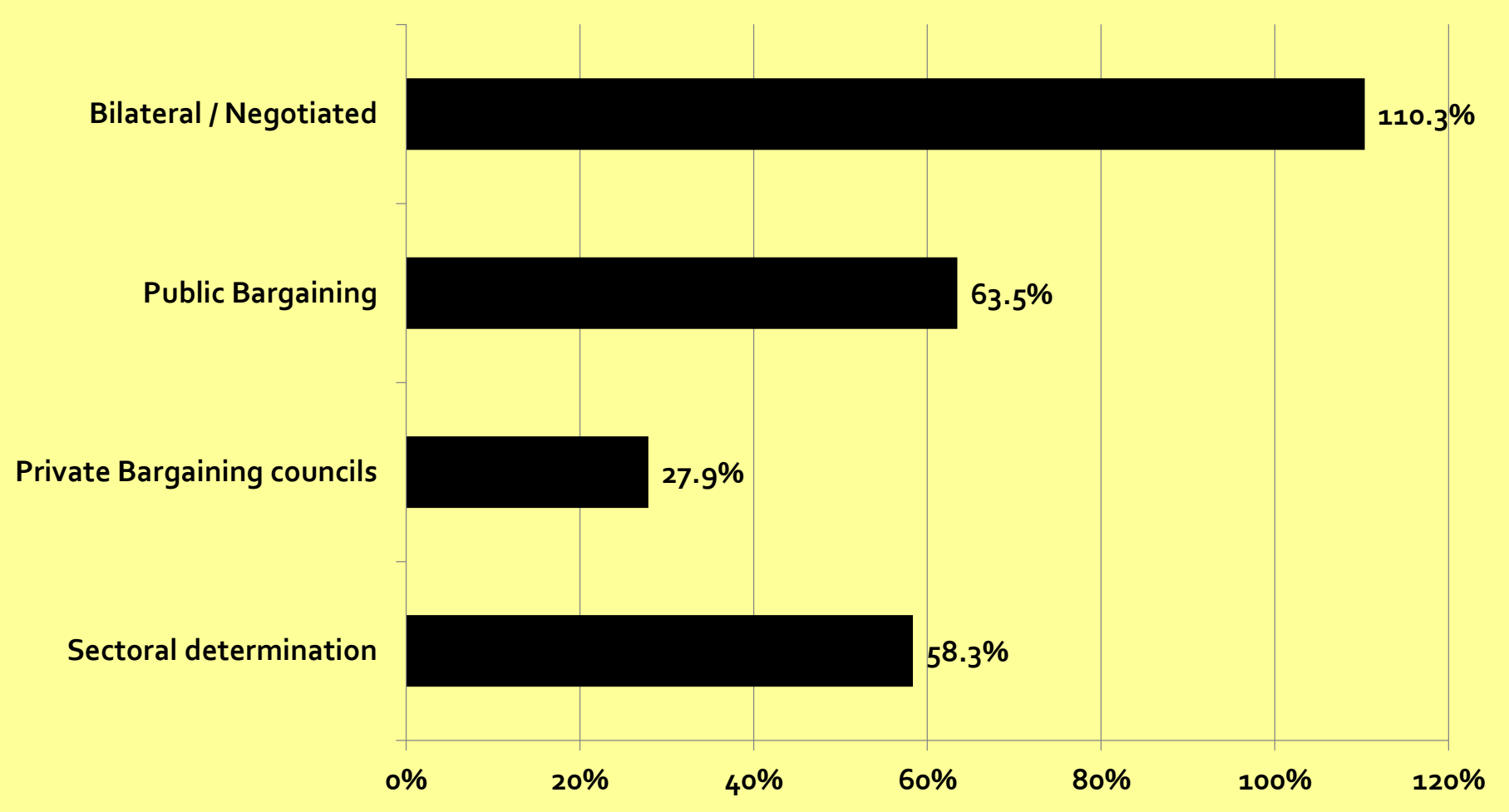
Union negotiated agreements

- We believe that these agreements cover more than just union members.
- About 650 agreements per year and we believe that this covers in excess of 4 million workers.
  - That is over 2,5 million via bargaining councils and over 1,8 million for bilateral / multilateral agreements so over 4 million employees are affected.

Minimum elementary wages in sectoral determinations.



Cumulative change in real elementary minimum wage levels from 1997 to 2016 (Sectoral from 2004).



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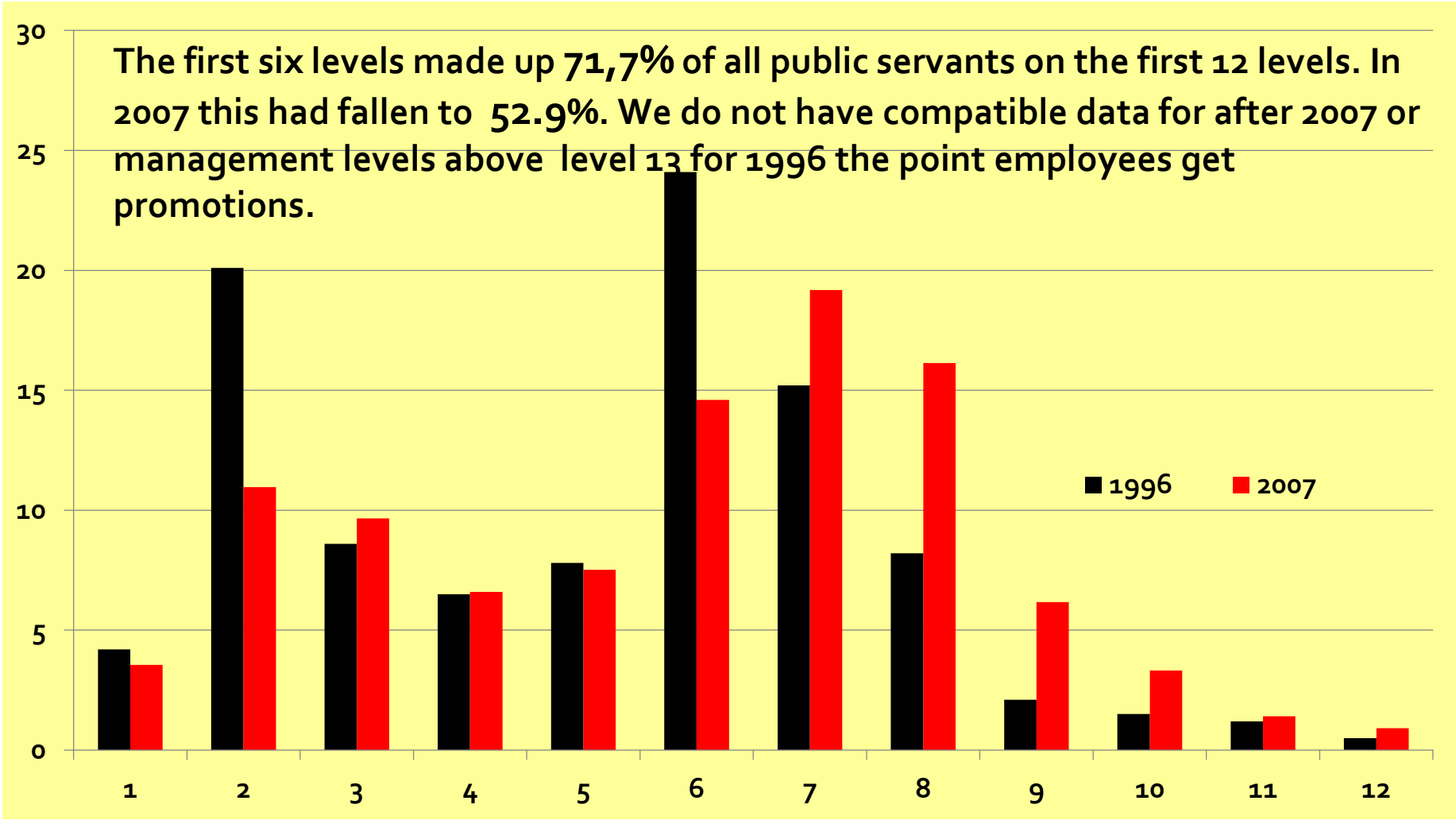
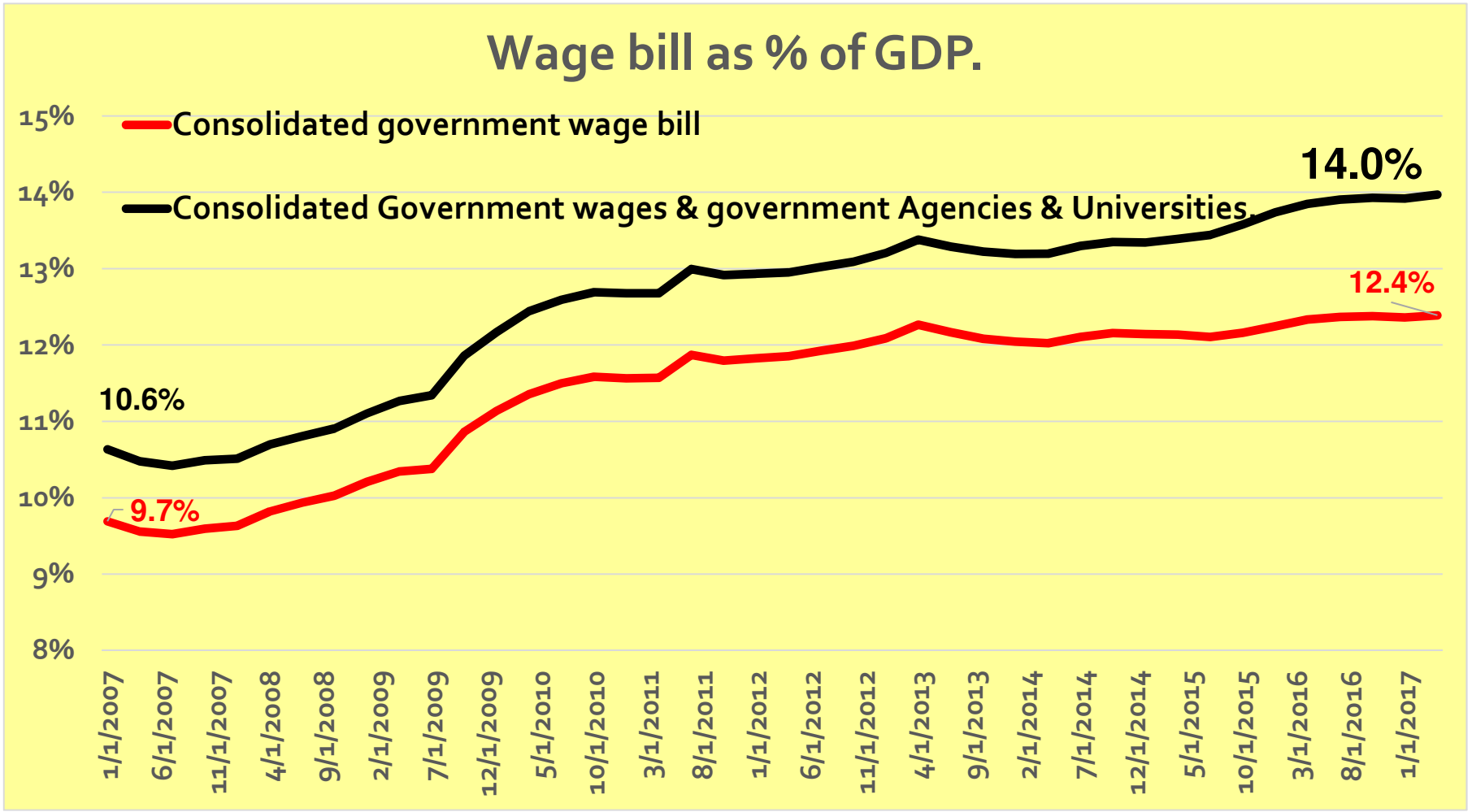
Other factors that increase the welfare of employees or the wage bill if you want.

Factors other than wage increases that impacted the wage bill in Government Sector.

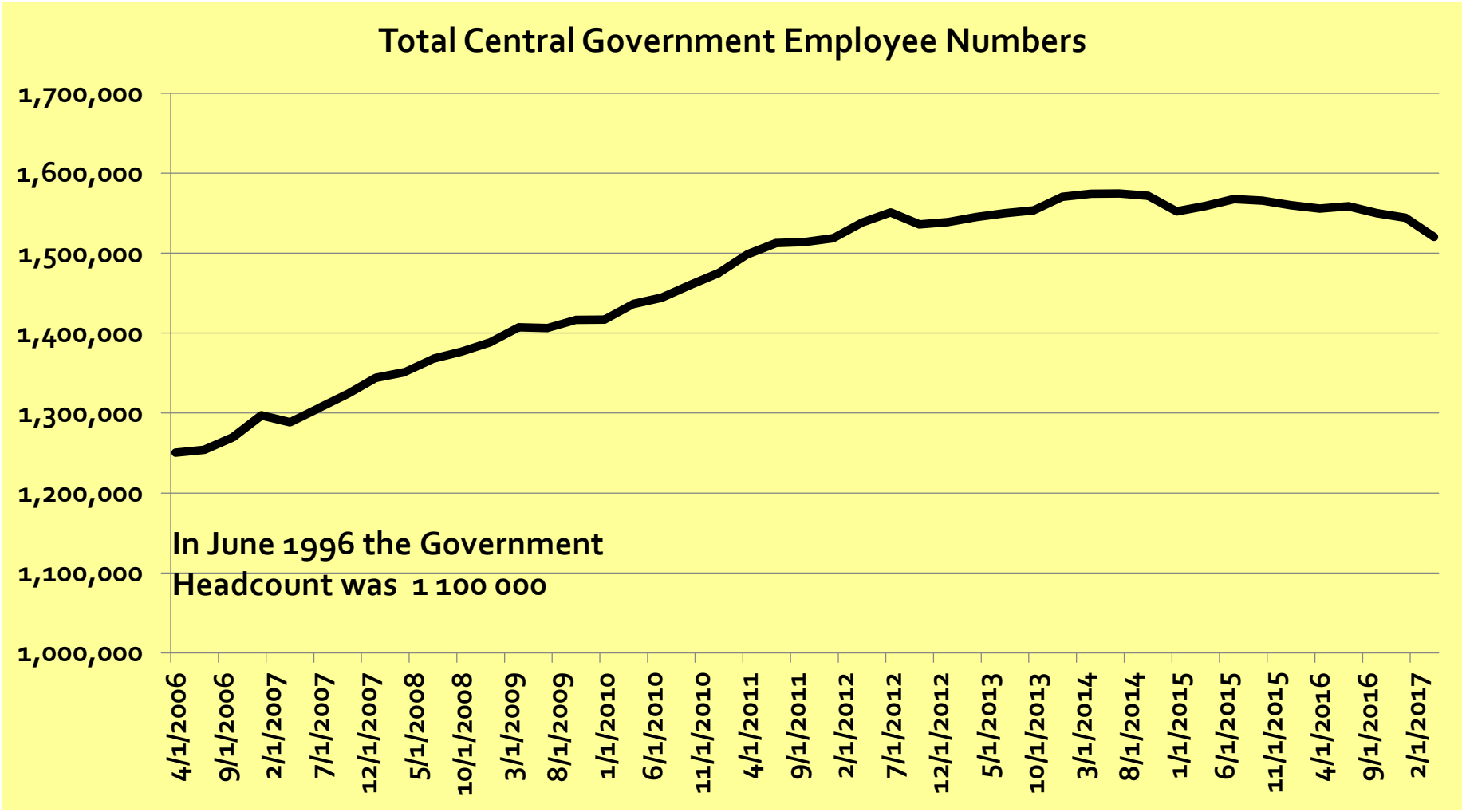
Moving up a notch! Employees get promoted to higher salary scales.



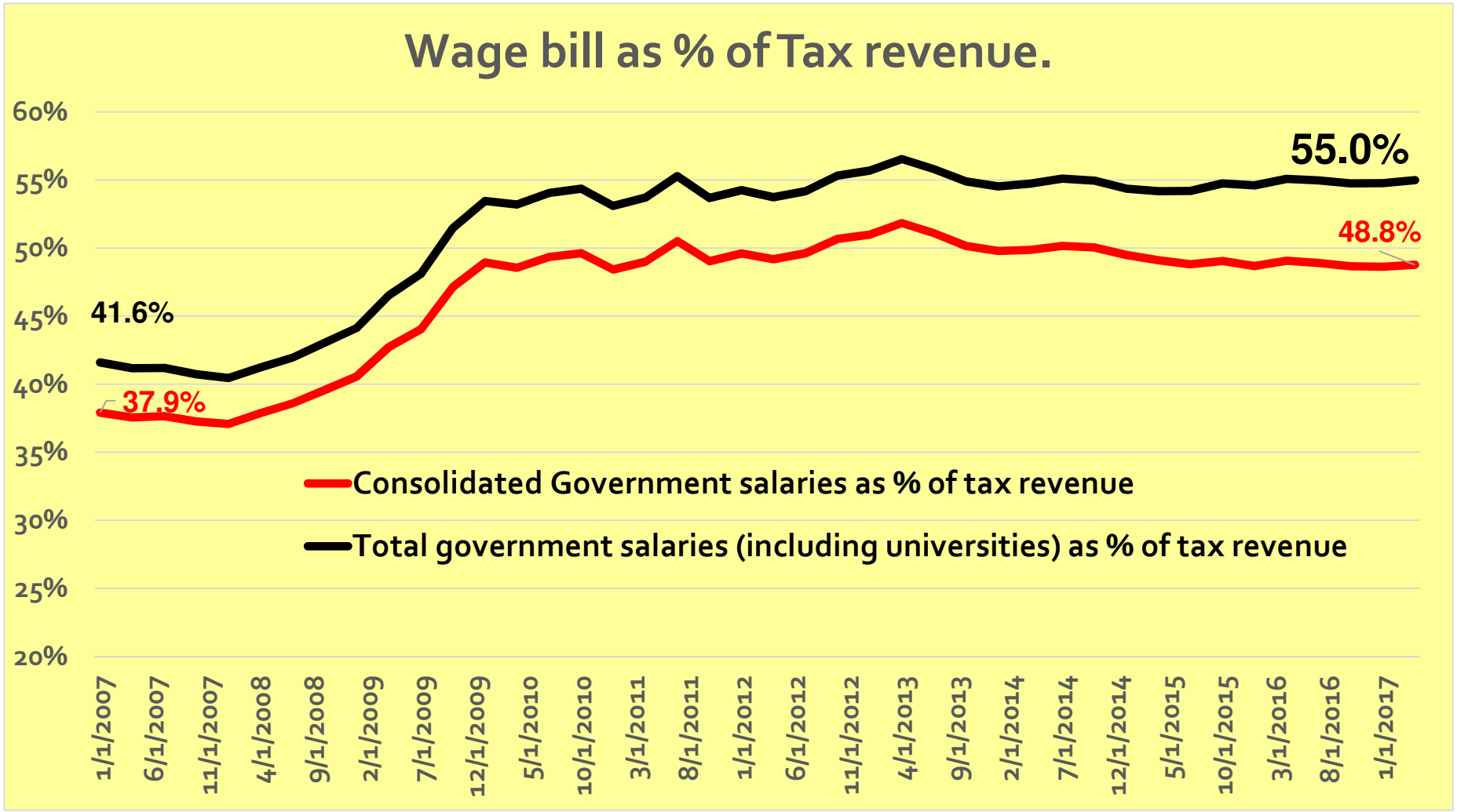
Since then government salaries may have become even more top heavy.



For government the numbers increased.



Government salary bill as % of tax revenue.



Other factors that impact wages in the private sector.

The bottom levels get "rolled up" or abolished.

- In the mining industry the three bottom levels in many cases no longer exist and the mines promise to no longer recruit at these levels.
  - Unions are involved with the recruitment so this is implemented across the board quickly.
- In some cases the bottom level employees are shifted onto other levels.
  - In the case of the NBCRFI less than 5% of employees are on the lowest level.
- Levels get reduced overall. For example seven levels get reduced to four.

Other factors that are not counted in minimum wage settlements for Private Sector

- Hours are sometimes reduced.
  - In some cases from 45 hours to 42,5hours per week.
- Pension contributions by companies have increased in many cases (e.g. Gold mining from 6% to 11%).
- Allowances
  - Living out, housing in mining.
  - Meal.
  - Travel.
  - Subsistence.
  - Holiday / bonus.
  - Bursaries for family staff.

Other factors in union negotiated agreements which increase employee wellbeing.

- Extra holidays.
  - In most cases annual leave has increased generally from 2/3 weeks to 3/4 weeks.
- Union time is increased for shop Stewards
  - Union members can talk about matters in work hours.
- In some cases free medical visits –particularly for HIV / AIDS.
- In some cases funerals are covered in some cases –even for a close relative.
- Family time is written into contracts for births, deaths, children, etc.

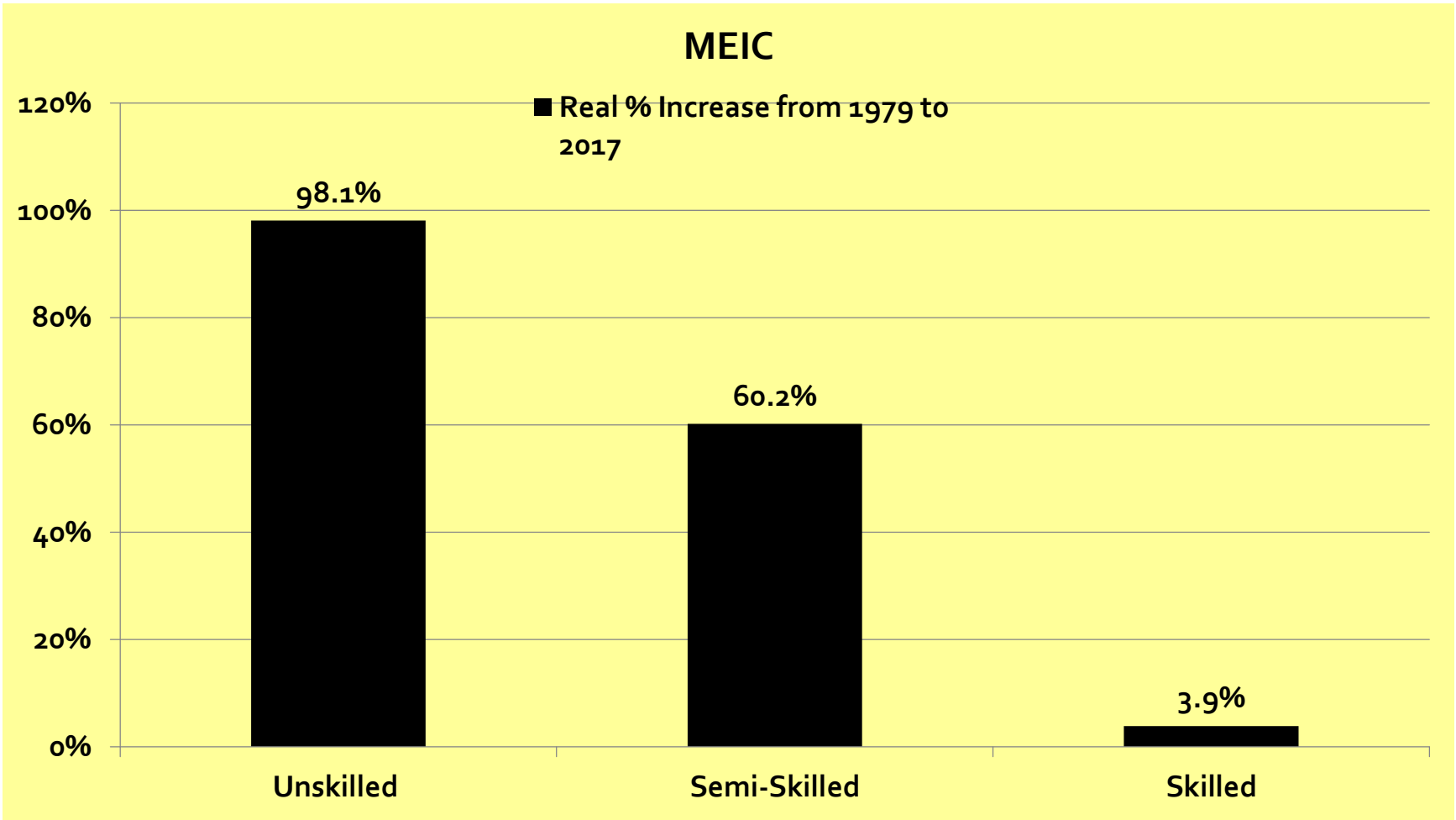
Are the skilled losing out?

In some respects maybe.

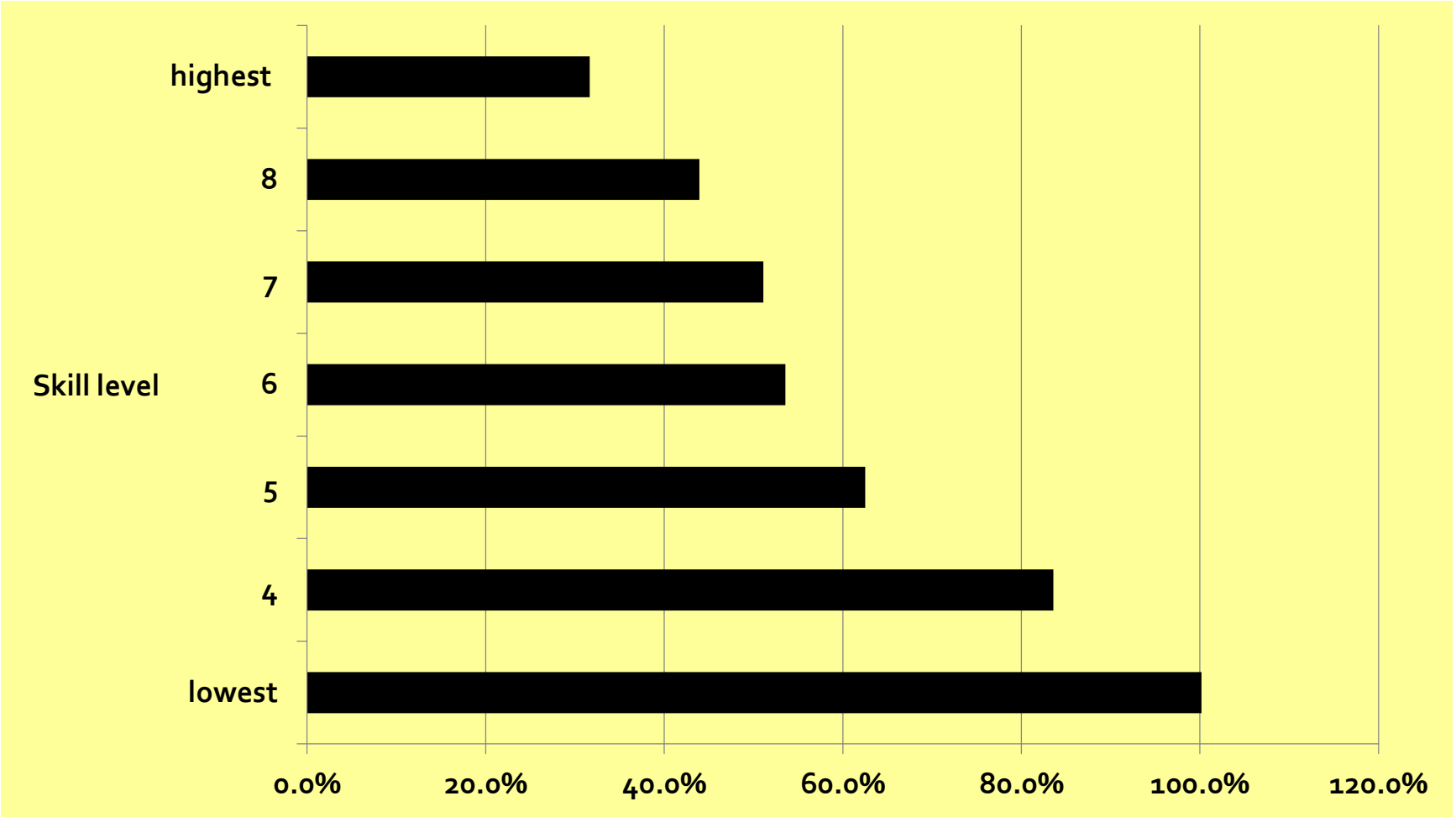
Skilled workers and their increases.

- In most cases the wages of the skilled workers kept up with inflation but only just.
  - If productivity is added then certainly the skilled have some reason to complain.
  - Skilled wages were flat in many cases and below 1% improved a year above inflation which assuming that productivity increased with just 1,5% means they did not do so well.
- There are exceptions such as transport where skilled heavy vehicle drivers did very well.

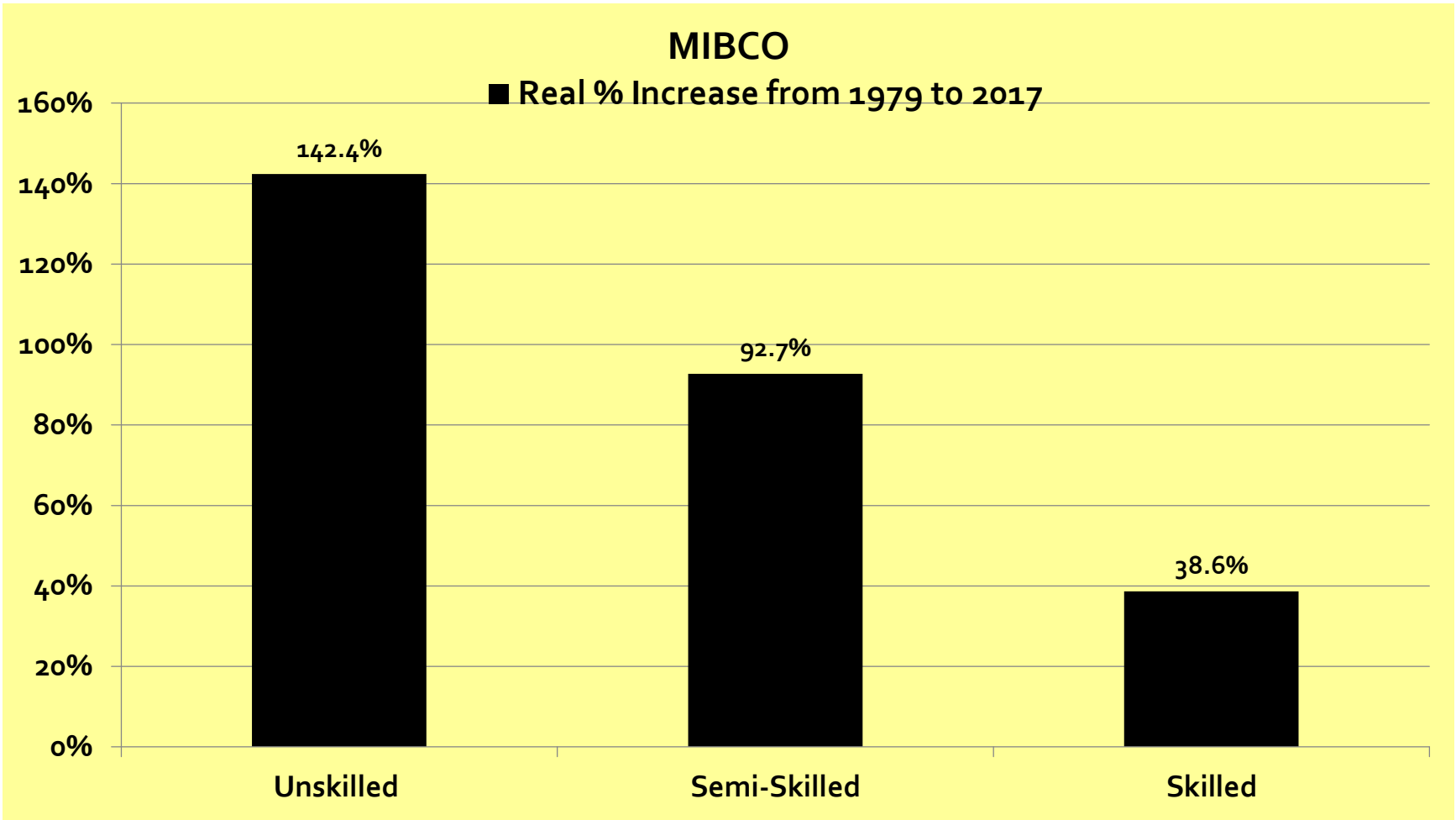
In the metal industry over 20 years and skilled wages increased barely in real terms.



Coal mining: real wage increases. The skilled beat inflation will just over 1% a year.



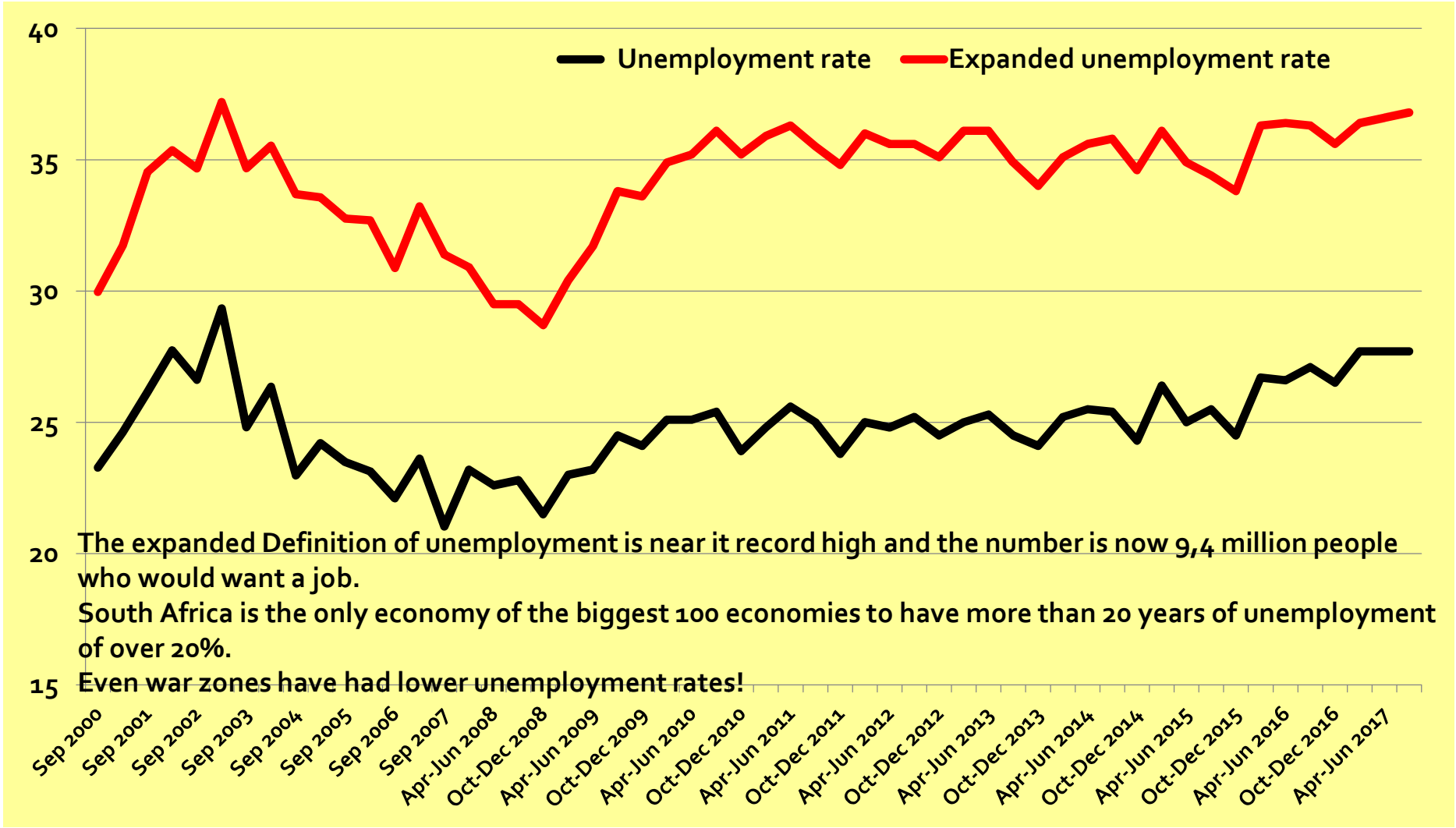
Motor industry : skilled did better but only beat inflation with 1% a year.



What does this say about SA?

The Popular myth that the bottom workers did badly is not true as those at the bottom of the Formal sector diud very well in fact for a long period of time.

Unemployment rate and the expanded unemployment rate.



The expanded Definition of unemployment is near it record high and the number is now 9,4 million people who would want a job.

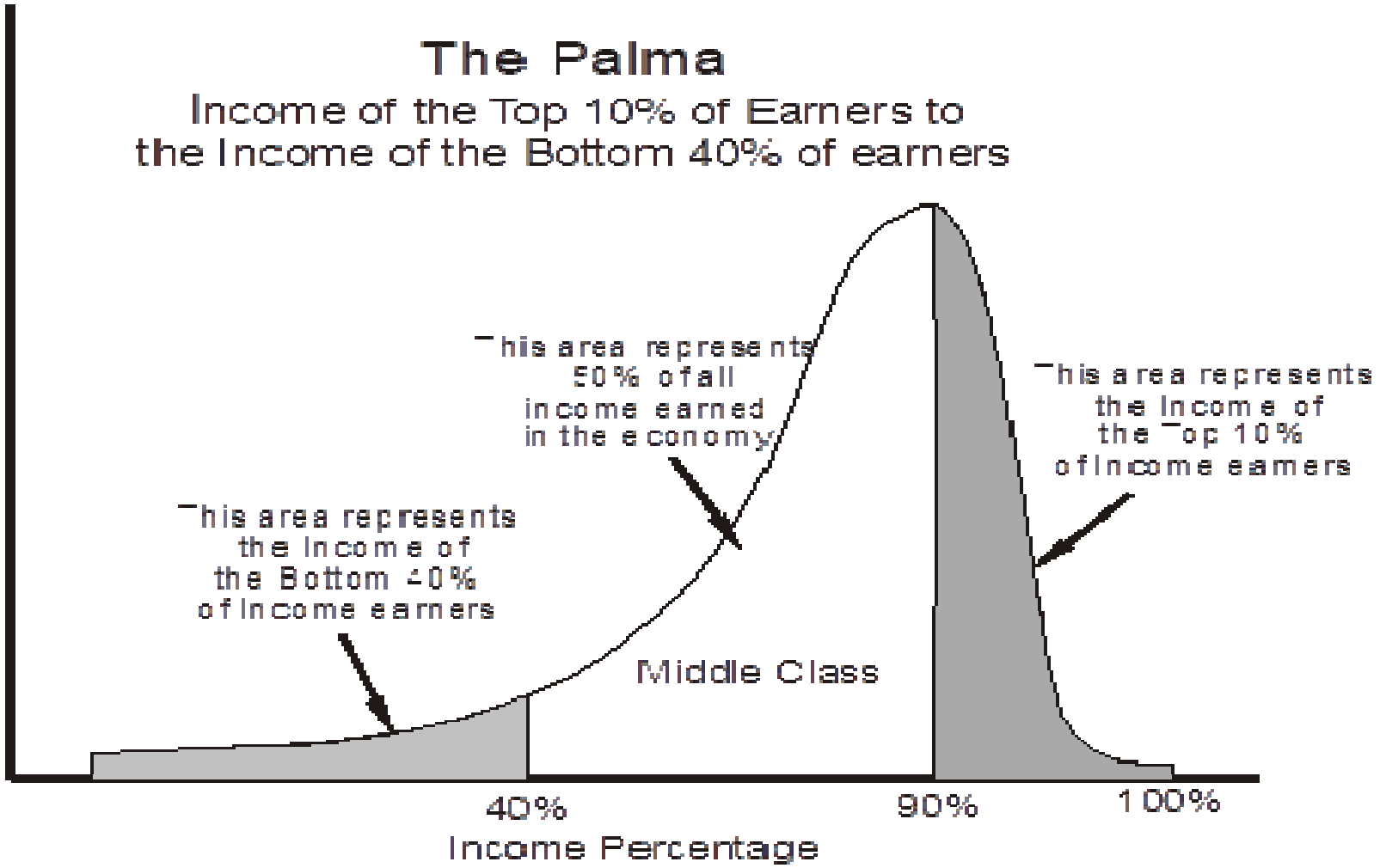
South Africa is the only economy of the biggest 100 economies to have more than 20 years of unemployment of over 20%.

Even war zones have had lower unemployment rates!

South Africa has huge inequality!

- Yes the Gini coefficient is one of the highest although now a little lower than before.
- But the bottom 40% of all households get only 3,2% of all income from work in SA!
- The next 50% get 44,3% while the top 10% get 52.5%.
- The **bottom 40% get less than 40%** of their income **from work**. Social grants; family; and rents are the rest.
- **Only 30% of adults work in formal sector**.
  - Including pensioners this % drops to 28%
  - Clearly the formal sector is part of the top third.

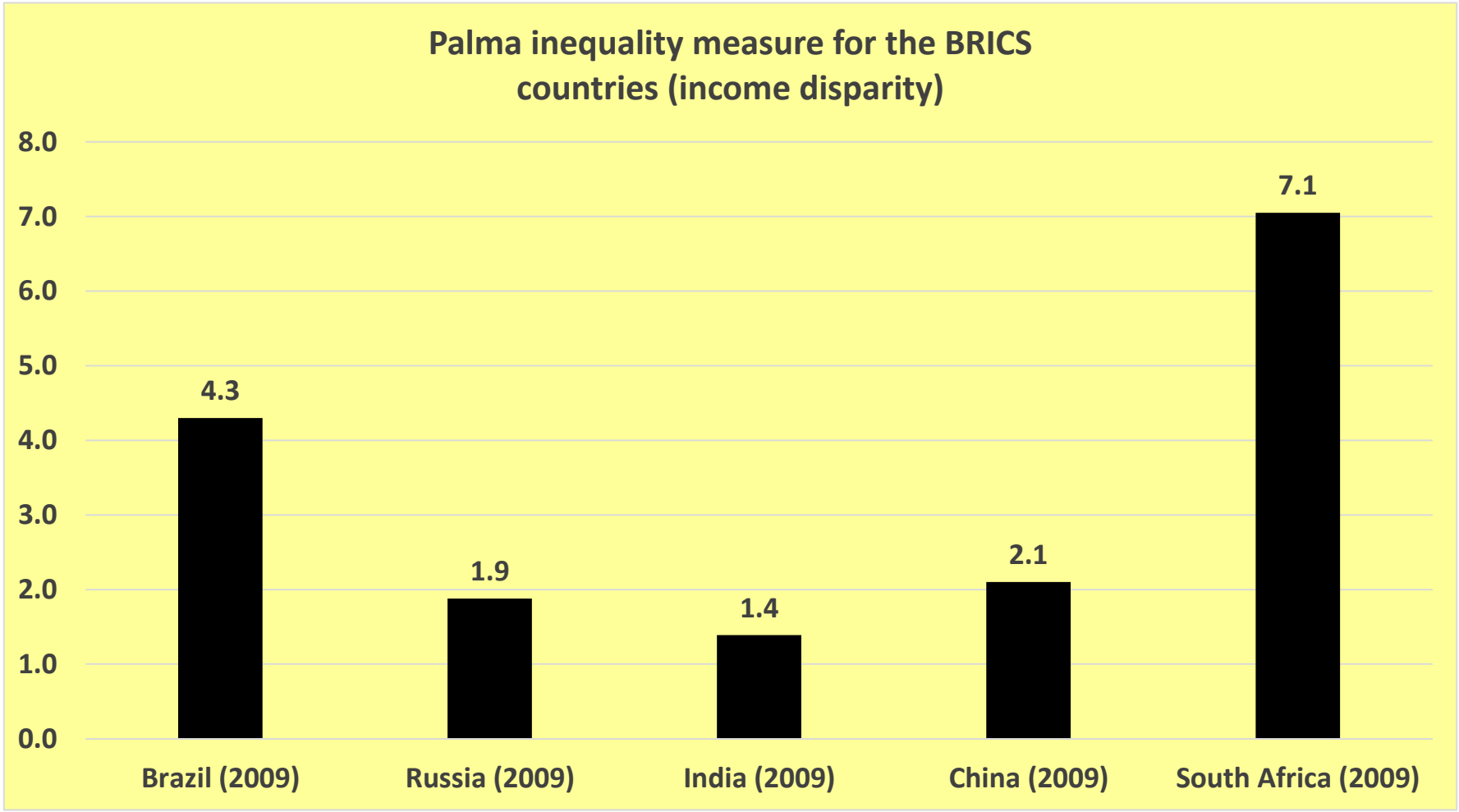
The Palma. Makes Understanding the inequality better.



The Bottom 40% of household explained.

- They earn on average only 9% of what the middle 50% earn from work!
  - Normally these households have not got anyone in full time employed in the formal sector.
  - The top quarter of the bottom 40% earn about R 1 500 pm in the household.
  - The bottom quarter earns R150 pm.
  - They earn 1,5% of what the top 10% earn.
  - Remember that a household with say a teacher and a sectary would be in the top 10% of income earners.
- They are generally not employed

Brics compared on Palma inequality



What SA needs to do to beat inequality

- **SA needs to increase employment**.
  - **All policies should have one objective** how does this increase sustainable employment.
- Schooling needs to move to technical and practical more.
- Unions are part of the solution and need to engage in that mind-set.
  - Stop expensive bailouts and ease burdens on SMME's
  - Government spending needs to be reviewed

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In summary from looking at wage agreements over time there is clear evidence that wages at the bottom increased substantially more than survey have attested too.

That's all. Questions?