

Press Release

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SOUTH AFRICAN
INSTITUTE OF
RACE RELATIONS

South Africa's Leading Research and Policy Organisation

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Use of bargaining councils decreasing

The use of bargaining councils has decreased in South Africa, according to the new *South Africa Survey*, to be published by the South African Institute of Race Relations in Johannesburg next week.

The proportion of workers and employers who used bargaining councils to negotiate wages decreased marginally from 9.6% to 9.4% between the second quarters of 2011 and 2012.

The data, sourced from Stats SA, also revealed that the majority of all wage adjustments are decided solely by the employer without consultation with employees. Such wage adjustments accounted for 49% of all types of wage negotiation in the second quarter of 2012.

Bargaining councils are empowered to negotiate and enforce collective agreements; prevent and resolve labour disputes; establish various schemes (such as training schemes, pension, provident, medical, and other funds) and make proposals to the National Economic Development and Labour Council (Nedlac) on labour policies and laws. Bargaining councils can also confer consultative authority on workplace forums and decide what may or may not be an issue for the purpose of a strike or lockout.

Despite several amendments to the Labour Relations Act of 1995, which sought to promote and facilitate collective bargaining, the total number of bargaining councils has fallen from 77 in 1996 to 46 in 2012.

Bargaining councils are considered controversial institutions, with the outcome of bargaining council agreements (such as fixed national entry wages in the clothing sector) often prohibitive for smaller and medium-sized businesses. Attempts have been made to close down 400 clothing factories that are not compliant with the minimum wages prescribed by bargaining council agreements. The industry has shed 50 000 jobs in the past ten years.

While collective agreements are breaking down in clothing, companies in the platinum sector are considering moving towards a collective bargaining system after strikes disrupted the sector in recent months. Other mining sectors, such as gold and coal, which already have collective bargaining but no council, are talking of setting up a bargaining council.

Jonathan Snyman, a researcher at the Institute, said that while collective bargaining helps to voice the concerns of the majority of workers, it does so at the expense of smaller unions and smaller employers. 'The current legislation gives bargaining rights only to unions that represent 51% of the workforce in a particular sector. In theory, this means that unions that represent as much as 49% of the workforce within a sector are effectively marginalised.' Mr Snyman added that the proposed changes in the Labour Relations Amendment Bill of 2012 seek to lower the threshold for organisational rights to below the 50% threshold, giving smaller unions more say in collective agreements.

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