

Bargaining Indicators 2014

Twenty Years - A Labour Perspective



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Wage Determination In South Africa Since 1994

Determined To Keep Wages Low

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INTRODUCTION

This paper reflects on wage determination in South Africa in the post-Apartheid era and on collective bargaining in particular as the most socially inclusive form of contesting the distribution of incomes in our society.

This paper is concerned with the character and dynamics of the collective bargaining process as trade unions and employers set about determining wage levels in different parts of the economy. The analysis must touch on areas such as the institutional setting for collective bargaining and the labour regulatory environment, but it is not our intention to map out that terrain in any particular detail for the purposes of this paper.

The paper begins by asking, "*Where have we arrived?*" in relation to wage determination. The first section outlines the dominant principles and practices of collective bargaining as it stands in 2014 and reflects on the major conflicts of the last few years.

Section Two, *Wage Determination*, considers the development of wage levels in South Africa. The focus is on low wage work. This section examines overall wage outcomes and developments at three major levels of wage determination, namely bargaining councils, sectoral determinations and bilateral collective bargaining outside of statutory structures.

Section Three asks, "*What direction will collective bargaining take?*" and attempts to identify bargaining trends in the near future.

The final section poses the question, "*What is our destination?*". This section revisits the question of where the vehicles of collective bargaining and wage determination are intended to transport us to. We argue that the goal is poorly developed and that this in itself is a blockage in the system.

1. WHERE HAVE WE ARRIVED?

Collective bargaining in South Africa is highly stylised and resembles haggling. Wage bargaining is the area where the most energy is expended in negotiations. Employers come to the table with sub-inflation offers while unions will arrive with wage demands that tend to be well above prevailing inflation rates. Both sides are giving themselves room to move in the bargaining process. This would appear to be one of the dominant principles of bargaining in South Africa. Neither side wishes to give the appearance that it is unwilling to make concessions during the bargaining process. Each side will revise their position gradually on the way to a settlement. Neither side realistically expects to settle very close to their starting positions, although unions tend to make larger movements than employers during negotiations.

Trade unions argue that they are simply conveying a mandate from their membership. Workers therefore either understand the (haggling) game or are articulating a real need for wage increments that go beyond inflation. The truth can accommodate both opinions. Workers know the game, but they also have pressing material needs.

Percentage talk remains the dominant form of articulating demands and counter offers in collective bargaining and in wage setting generally. Percentages are useful in allowing us to compare things that are often quite different, but can also obscure some inconvenient truths. One such inconvenience is the very low level at which many wages are set in South Africa. We can talk about a ten percent wage increase, but we should remember that 10% of R1 000 and 10% of R10 000 are very different realities. This difference will only grow over time if percentage increases are applied across the board. Increasingly, unions are considering Rands and Cents demands or mixed formulations (a certain % increase or a Rand amount, whichever is the greater) in an attempt to bargain on terms more easily understood by workers. The level of numerical literacy is relatively poor within the trade union movement and among membership. The 'total cost of employment' approach preferred by most employers only makes it more difficult to extricate what the real implication of a settlement is for workers. If trade unions cannot communicate the real effect of a settlement to workers effectively it can result in the perception among workers that unions are misleading them.

Another dominant principle in practice in collective bargaining is inflation benchmarking. Wage settlements tend to track inflation. However, since inflation data is backward looking, telling us what happened to prices over the last twelve months, and wage bargaining is effectively forward looking, setting wages for the coming period, the two will sometimes appear out of sync. This is especially true if inflation increases or decreases rapidly within a short space of time. Even so, one can discern a noticeable correlation between inflation rates and settlement levels.

The dominance of percentage talk and inflation benchmarking has the effect of limiting the possibility for a substantial shifting of wage rates. Trade unions have been able to make some gains in the past by collapsing lower job categories, thereby shifting wages at the bottom beyond the boundaries of the prevailing inflation rate. This strategy is generally not successful beyond one or two grades.

Many unions have correctly identified job grading as a major barrier to shifting wage levels, but have yet to formulate alternatives to a system which provides a logic for devaluing low wage work and elevating remuneration for higher paid jobs.

Wage settlements across the economy tend to cluster in a fairly narrow range of not more than 2%, often less. This raises the question of why so much time and energy is spent on wage bargaining when the outcome is so predictable. The answer is simple. Wage bargaining is the most readily understood aspect of collective bargaining and translates into cash in hand.

The stress put on wage bargaining is perhaps also a sign of the weaknesses of both employers and trade unions. There are often severe information and skill asymmetries between union negotiators and employer negotiators, and they favour employers. Both parties come to the table with narrow agendas and do not always have a fully developed strategic framework for collective bargaining. Negotiations require the parties to be conversant with some very technical terrain, including economics, health benefits, and provident funds. Wage bargaining is then something of a comfort zone for both parties, albeit for different reasons.

There is an argument for making automatic cost of living adjustments to wages and to reserve collective bargaining for engagement on a broader range of issues. Ironically, the idea is likely

to face resistance from both trade unions and employers, the one fearing it will set a ceiling and the other fearing that it will set the floor too high before negotiations even begin.

Efforts to take on productivity issues at either firm or industry level have floundered. Economists and employers like to talk about productivity, but there is little evidence of a serious drive to implement meaningful productivity enhancing schemes. The productivity debate in South Africa is a crude one. There is little discussion of the different methods and levels at which productivity may be measured. There is little discussion of the relationship between productivity and competitiveness, which is not as straight forward as some might like to think (Godfrey et al, 2014). The final hurdle is how and to what extent productivity gains are shared. Trade unions are generally suspicious of productivity schemes unless there is a clear indication that gains will actually flow to workers. Even then, the design, implementation and monitoring of such schemes tend to reside with management.

The challenge of organising and representing the interests of a fragmented, flexible and precarious workforce is something that unions have barely begun grappling with. The externalisation of work, especially in the form of labour broking is receiving increasing attention by trade unions, especially as they move from a rigid stance of calling for its banning to using other regulatory and organisational responses to raise the costs of this practice and to reduce precariousness.

Some of the challenges to the collective bargaining system are being driven by heightened conflict among employers. In the metal and engineering sector the National Employers' Association of South Africa (NEASA) is refusing to accept the agreement reached between the Steel and Engineering Industry Federation of South Africa (SEIFSA) and the majority union, the National Union of Metalworkers of South Africa (NUMSA). Both NEASA and the United Textile and Clothing Association (representing a group of clothing manufacturers in Newcastle) are challenging the extension of bargaining council agreements to non-parties. The Newcastle case is an interesting one and suggests that non-compliance with bargaining council minimum wages is not simply a matter of affordability. The non-compliant firms in some instances produce the same range of clothing and even supply the same suppliers as compliant firms (Godfrey et al, 2014).

No discussion of industrial relations in South Africa or where we have arrived can proceed without referencing the events of Marikana. The search for a single variable which explains Marikana is appealing, but also overly simplistic. Marikana is not a detective story. Marikana is the product of complex social, economic and political trajectories.

There are those who would have us believe that Marikana was the result of rivalry between the National Union of Mineworkers (NUM) and the Association of Mineworkers and Construction Union (AMCU). Although AMCU arose out of a split within NUM, there was no rivalry between these unions prior to Marikana. NUM was and remains an established trade union with a long history and a vast membership. AMCU was a marginal trade union with a membership of a few thousand confined to a few mine shafts. Its membership has since grown exponentially and this poses the greatest challenge to the union going forward. Can it develop the structures to accommodate its newfound membership?

The striking workers of Marikana were not a homogenous group of dissatisfied NUM members seeking a new home with AMCU as some seem to believe. In fact the striking workers initially wanted nothing to do with either union, and the strike committees that developed were not AMCU structures even though over time this union came to be seen as the main representative of the striking workers.

The strikers reportedly included unemployed workers too. It is also now known that 30- 40% of workers at Lonmin were contracted workers. Contract workers tend to be less organised and unionised than permanent workers. This dynamic has received little attention but is crucial in understanding the politics of representation on the mine.

Conditions of work and life on and around the mines are unique and are not easily compared to other industries. Conditions of work on the mines, especially for underground workers are particularly intense and it is difficult for many of us to comprehend what it is like to work more than a kilometre beneath the surface of the earth.

The mining industry has a long history of migrant labour. This resulted in a situation where many workers have two homes, perhaps even two lives. The bulk of investment is in their homestead in the labour sending province or country, for example, the Eastern Cape or a neighbouring country. The migrant worker invests far less in their home close to the mine and often lives in very poor conditions. The monetisation of housing provision into living out allowances was intended as a strategy for dismantling the hostel system, but has in reality served mainly to entrench this uneven duality.

NUM suggests that the company, Lonmin, should shoulder much of the blame for the events which unfolded because of the way in which it subverted established bargaining practice by unilaterally awarding increases to only one layer of workers outside of the agreed settlement. Before AMCU began to take a leading role in the conflict, striking workers repeatedly called for management to talk to them. Given that the company had earlier bypassed established collective bargaining channels, its failure to subsequently address workers directly amounted to a complete breakdown of negotiations and suggests that the company was operating in an ad hoc way without much thought for the implications of their actions.

There has been some critique of the structures of the NUM on these mines and it is argued that a growing distance between the material conditions of those who occupied leadership positions in the union and ordinary members is behind some of the tension amongst workers. In some contexts the position of office bearer and officials in trade unions is accompanied by significant material gains for the individual concerned. This is an uncomfortable truth for many unions.

The events at Marikana may also be seen to arise out of a broader history of violence. The violence of Apartheid prompted increasingly violent protest. The state responded with further violence. Violence survived the transition to democracy and industrial relations have remained largely antagonistic. The highly unequal distribution of power and wealth in South African society and the workplace underpins a propensity for violence amongst workers and employers alike (van Holdt, 2013).

A Worker Survey (COSATU, 2012) provides a fascinating insight into attitudes to violence. Responses to a series of questions give the impression of a generalised acceptance of violence. Workers appear to find it acceptable or necessary to resort to violence to further strike action or demands, but they also appear to accept violence by other role players like employers and the police. The parallels with war are unmistakable.

The militarisation of the police services has been the subject of debate for some years and it is a sad truth that the culture of violence within the police service did not disappear with Apartheid. In the case of Marikana, the ability of the company to mobilise the police while framing the actions of workers as criminal is particularly disturbing.

The violent death of ten people, including workers, security personnel and two policemen, in the week or so leading up to the massacre were instrumental in setting the tone for the events to come. These events hardened the attitudes of workers, employers and police alike. The role-players (Lonmin, the striking workers, NUM, AMCU and the state) are united in viewing one or more of the other parties as illegitimate, criminal or simply murderous. From this perspective, the likelihood of a successful negotiation at Marikana was nil.

2. WAGE DETERMINATION

This section describes wage determination in the post-apartheid era, one of the primary indicators of collective bargaining and labour market policy.

The analysis which follows, when not presenting overall findings, differentiates between three main levels of bargaining or wage determination in South Africa.

1. Bargaining Councils
2. Sectoral Determinations
3. Bilateral collective bargaining

Bargaining Councils are a form of centralised bargaining and are created in a specific industry where employers and trade unions come together and negotiate terms and conditions of employment. A Bargaining Council may request the Minister of Labour to extend the wage agreement to all employers and employees within the jurisdiction of Council (so called 'non-parties'). Bargaining councils generally involve more than one employer, with the exception of a public sector council, where the state or a parastatal is the sole employer. An example of this would be the Transnet Bargaining Council.

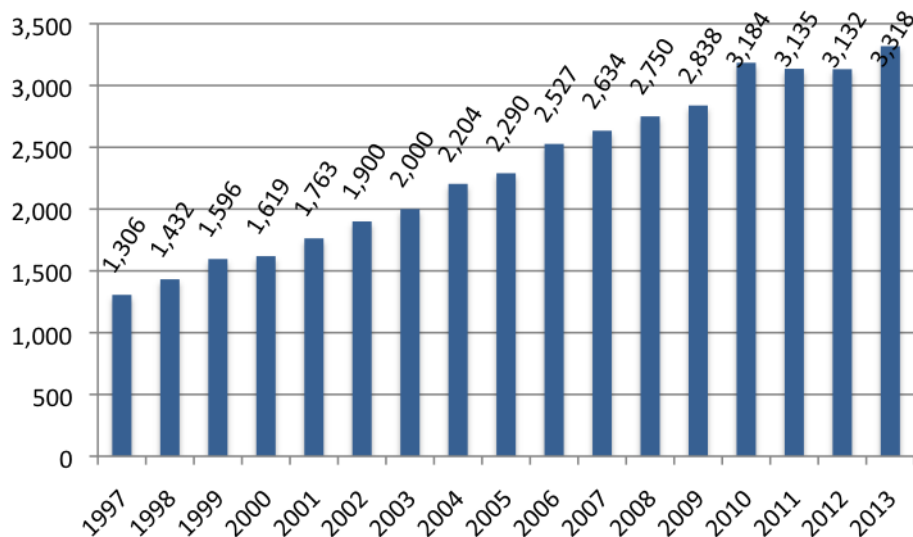
The Basic Conditions of Employment Act (BCEA) provides for the establishment of sectoral determinations that regulate terms and conditions of employment for employees where there is no centralised collective bargaining, low levels of organisation and where workers are understood to be especially vulnerable to exploitation. Examples include the determinations for farmworkers, domestic workers and the private security industry. Sectoral determinations are administered rather than negotiated. Even so, more than one determination in South Africa is heavily influenced by the agreements reached in non-statutory bargaining forums. One example of this is the private security industry.

What we call "bilateral" bargaining takes place between one or more trade union and a single employer (possibly assisted by an employers' association) and the agreement is applicable solely to the individual company. The company may have multiple operations, but it remains a single employer. This is what we call a bilateral agreement. It may involve a single workplace or cover the national operations of a larger single employer.

Wages

Median wages for low wage work in South Africa progressed from about R1, 300 in 1997 to just over R3, 300 per month in 2013. Median pay for low wage work increased by 154% during this time. This tells us nothing about the purchasing power represented by this increase.

Figure 1: Median pay for low wage work in South Africa, 1997 - 2013

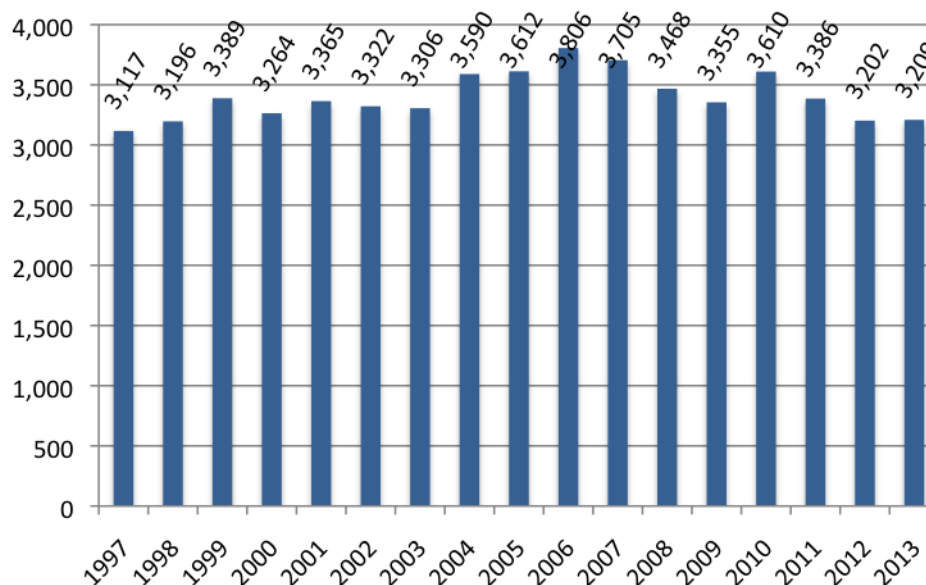


Source: LRS AWARD (Actual Wage Rates Database)

Now we look at real wage development over the last twenty years or so. Real wages simply means wages after price increases are taken into account and is meant to provide an assessment of purchasing power. After all, it hardly matters if you earn more than you used to, if you can't buy anything more than you used to.

Our data shows that over the past 20 years real median pay for minimum or low wage work in South Africa has remained stagnant over the last twenty years. Real median low pay increased by only 2.95% between 1997 and 2013.

Figure 2: Real median minimum wages in South Africa, 1997-2013



Source: LRS AWARD (Actual Wage Rates Database)

National statistics support this observation. "We show that real wages have increased over the period – however real median wages of employees have remained stagnant" (Wittenberg, 2014). The Post-Apartheid Labour Market Series (PALMS) data shows real gains for higher wage earners and the consequence is that "The gap between median and mean earnings among wage workers seems to have widened over time". This means that the distribution of wages has become more unequal over time and that the unevenness is driven by greater wage gains for higher wage workers relative to low wage workers.

While the PALMS data shows stagnant real wages for the bottom 10% of wage workers (by earnings), the data also suggests that wages of the bottom 10% have increased as a proportion of the median. This means that although these workers would not have seen an improvement in their purchasing power, their wages are closer to the median (the middle) wage. This could be explained by some success of a traditional trade union focus on minimum wages, the implementation of sectoral minima and the minimum entry level wages in bargaining councils.

The figure below tracks wage settlement levels (including increases in sectoral determinations) against headline inflation. The fact that inflation statistics are backward looking, while wage settlements are forward looking accounts for some mismatch between the two variables.

Figure 3: Median wage increases & inflation, 1997-2013



Source: LRS AWARD (Actual Wage Rates Database)

But we do see some evidence of the delayed effect that inflation has on wage settlements. Shifting the price series slightly to the right in the figure below aligns the wage settlement and inflation series more closely. It is clear that inflation remains a central benchmark in wage negotiations.

Figure 4: Median wage increases & inflation, 1997-2013 adjusted

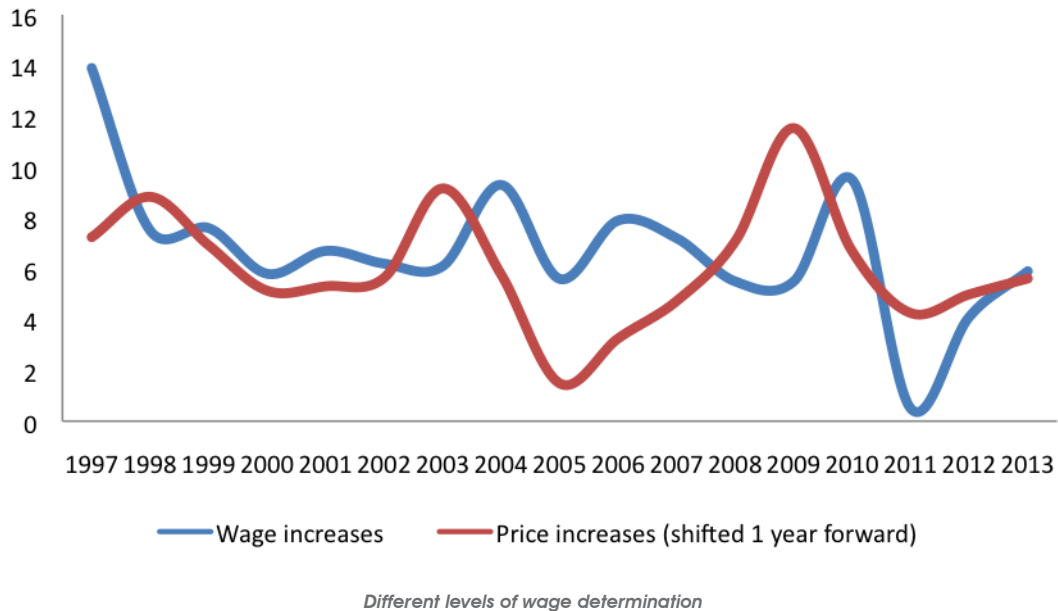
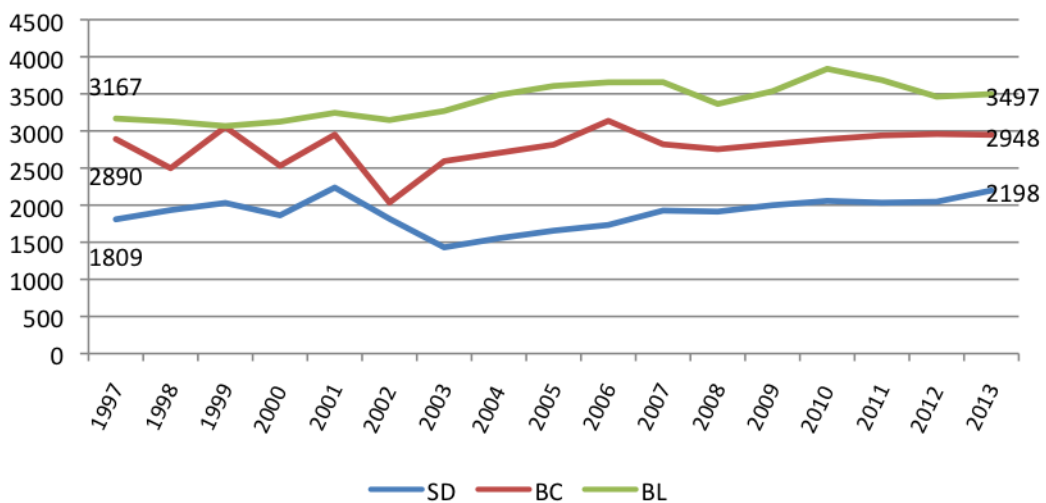


Figure 4 shows how bargaining council rates are sandwiched by the lower rates of the sectoral determinations and the higher rates coming out of bilateral agreements. The volatility shown by bargaining council wages up to about 2003 is striking, although the long term trend is clear enough, and translates into stagnant real wages. The outcome is much the same for all three levels of wage determination, although there is a slightly better outcome for wages set through bilateral negotiations.

Figure 5: Median real minimum wages by bargaining level, 1997-2013



Source: LRS AWARD (Actual Wage Rates Database)

Bargaining Councils

Table 1 shows the minimum wage levels in different bargaining councils as at 2013. There is a great deal of variation in these minima and they range from a little more than R1, 700 per month in hairdressing to over R6, 000 per month in the pulp and paper sector.

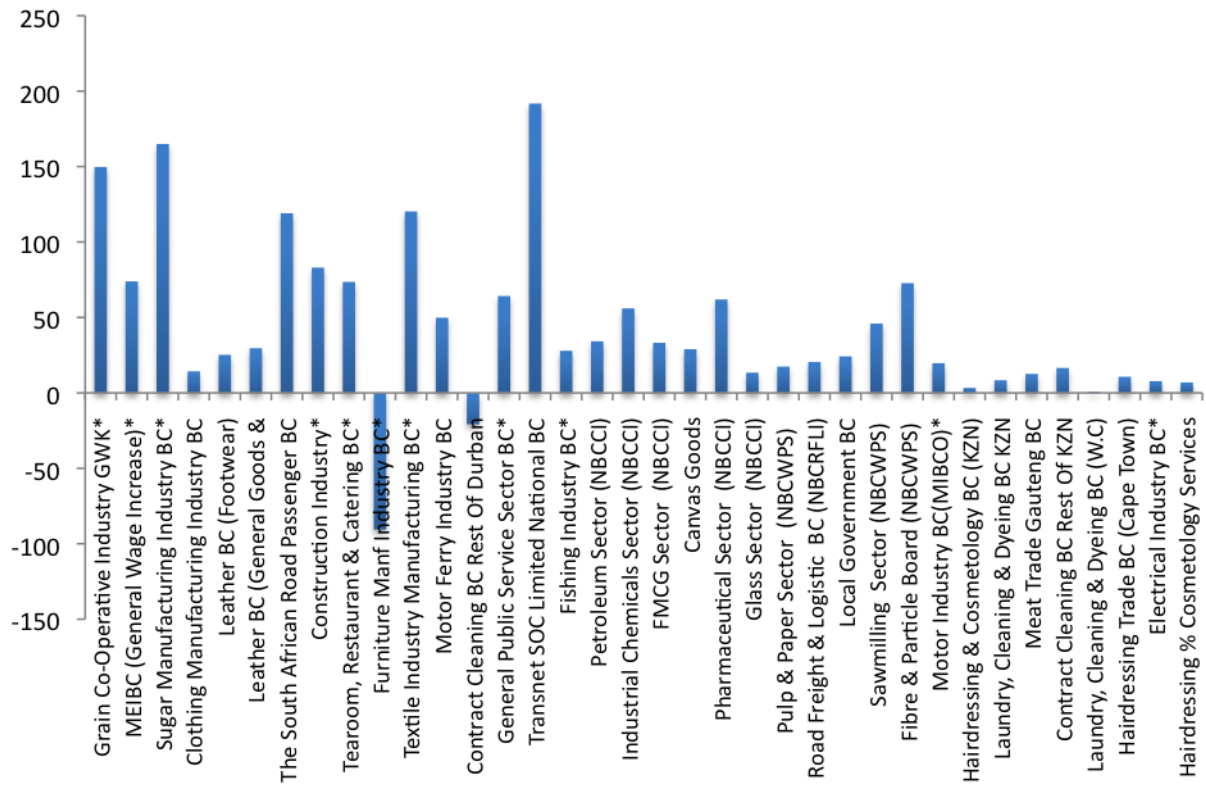
Table 1: Bargaining Council Minimum Wages, 2013

Bargaining Unit	Occupations	Monthly Wage 2013 (Rands)
Hairdressing % Cosmetology Services (Semi-National)	Labourer	1728
Furniture Manf Industry BC	Labourer	1853
Meat Trade Gauteng BC	Cleaner	2191
Sawmilling Sector (NBCWPS)	Labourer	2230
Retail Motor Fuel Industry	Labourer	2280
Contract Cleaning BC Rest Of KZN	Cleaner	2319
Restaurant, Catering BC Wits	Cleaner	2347
Tearoom, Restaurant & Catering BC Pretoria A	Cleaner	2348
Electrical Industry BC	Labourer	2367
Tearoom, Restaurant & Catering Trade BC Pretoria Area B	Cleaner	2373
Hairdressing Trade BC (Cape Town)	Labourer	2573
Hairdressing & Cosmetology BC (KZN)	Labourer	2592
Building Industry BC	Labourer	2639
Fishing Industry BC	Labourer	2892
Laundry, Cleaning & Dyeing BC (W.C)	Tea Person	2943
Grain Co-Operative Industry GWK	Labourer	3145
Clothing Industry Manufacturing BC	Labourer	3252
Leather BC (General Goods & Handbags)	Labourer	3298
Motor Industry BC(MIBCO)	Forecourt Att	3494
Laundry, Cleaning & Dyeing BC KZN	Labourer A1	3610
Textile Industry Manufacturing BC*	Labourer	3726
Road Freight & Logistic BC (NBCRFLI)	Labourer	3742
Glass Sector (NBCCI)	Labourer	4000
FMCG Sector (NBCCI)	Labourer	4298
Motor Ferry Industry BC	Labourer	4313
The South African Road Passenger BC	Labourer	4316
Leather BC (Footwear)	Labourer	4388
General Public Service Sector BC	Cleaner	4450
Fibre & Particle Board (NBCWPS)	Labourer	4946
Industrial Chemicals Sector (NBCCI)	Labourer	4992
Petroleum Sector (NBCCI)	Labourer	5127
Local Government BC	Cleaner	5230
MEIBC (General Wage Increase)	Labourer	5301
Transnet SOC Limited National BC	Labourer	5503
Sugar Manufacturing Industry BC*	Labourer	5618
Pharmaceutical Sector (NBCCI)	Labourer	6286
Pulp & Paper Sector (NBCWPS)	Labourer	6318

Source: LRS AWARD (Actual Wage Rates Database)

The next graph (Figure 6) provides an indication of real wage gains for minimum wages at the bottom of the occupational ladder in bargaining councils. Unfortunately we are not able to present real wage gains since 1997 for all bargaining councils. The graph is a mix of periods and the gains are therefore not really comparable. The longest period (1997-2013) is at the far left and the shortest period (2011-2013) is illustrated at the far right. Even so, this figure does suggest that the longer the period of assessment, the higher the real wage gains. There are notable exceptions like clothing, leather and furniture manufacture and Transnet, but the broad trend remains.

Figure 6: Real minimum wages in Bargaining Councils, different periods

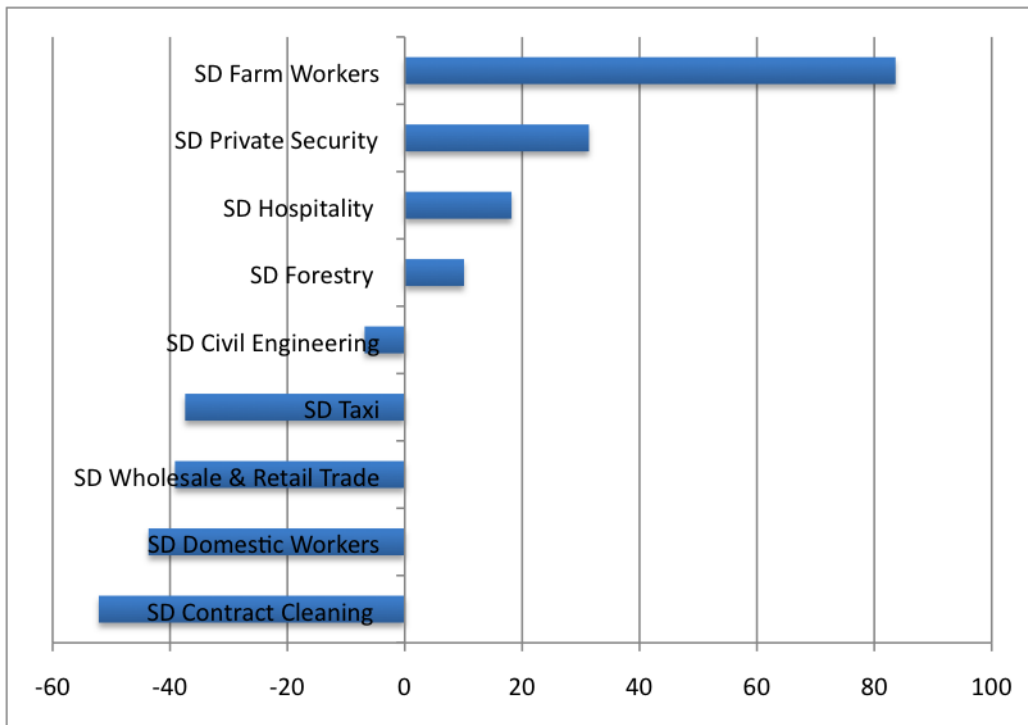


Sectoral Determinations

The next graph shows real wage gains for different sectoral determinations. The starting years differ between the determinations. More than half of the determinations which we track appear to have lost ground against headline inflation over the years. The largest real wage gain was for farmworkers. Minimum wage workers in contract cleaning, domestic work, wholesale & retail and the taxi industry appear to have suffered real wage losses.

However, our estimates of minimum wage levels in these sectors are likely to be more generous than the reality on the ground. Bhorate, Kanbur & Mayet (2010) "...find that 45% of covered workers get paid wages below the legislated minimum, whilst the average depth of shortfall is 36% of the minimum wage. Around this average, violation is most prevalent in the Security, Forestry and Farming Sectors". The authors also find that "...occupation as well as the location of employment matters in the level and depth of violation observed."

Figure 7: Wages in Sectoral Determinations, Real increase to 2013 (%)

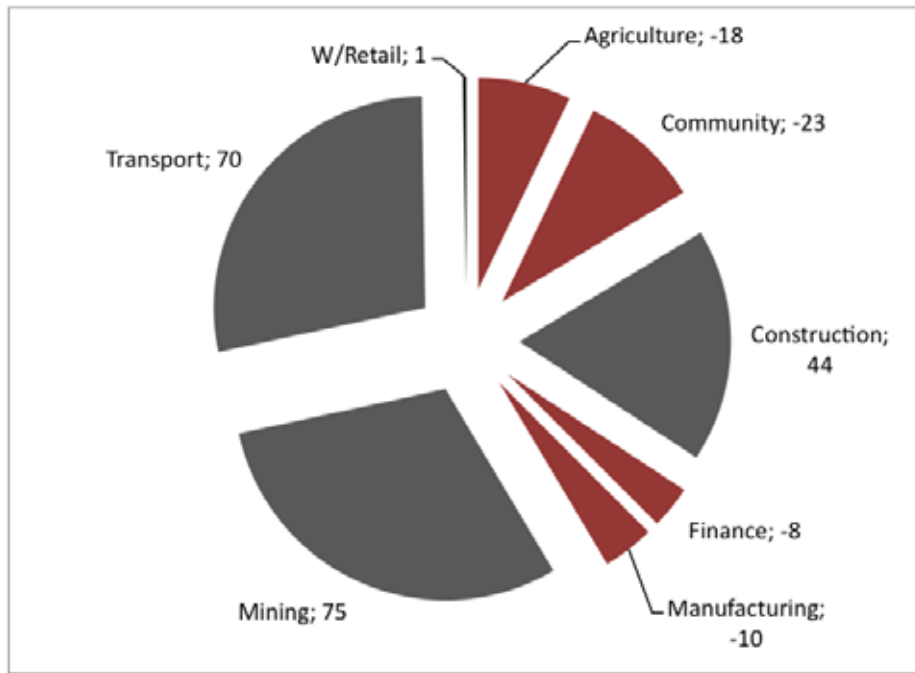


Industry wages

Real wages across the major industries remained largely unchanged between 1997 and 2013. There were gains in transport, mining and construction, while there were losses in agriculture and community, social & personal services, finance and manufacturing.

Comparison to the PALMS data provides mixed results. The PALMS data is in accord with our findings for mining and the finance (business services) sector. Our findings for the construction, manufacturing and trade sectors are echoed in the PALMS data, but far less emphatically. PALMS contradicts our AWARD data when it comes to agriculture, transport and the services sector. One explanation for this, apart from the different methodologies and the limitations of our sample, is that the source for the PALMS data is Wittenberg (2014), which presents mean earnings, while we present median earnings.

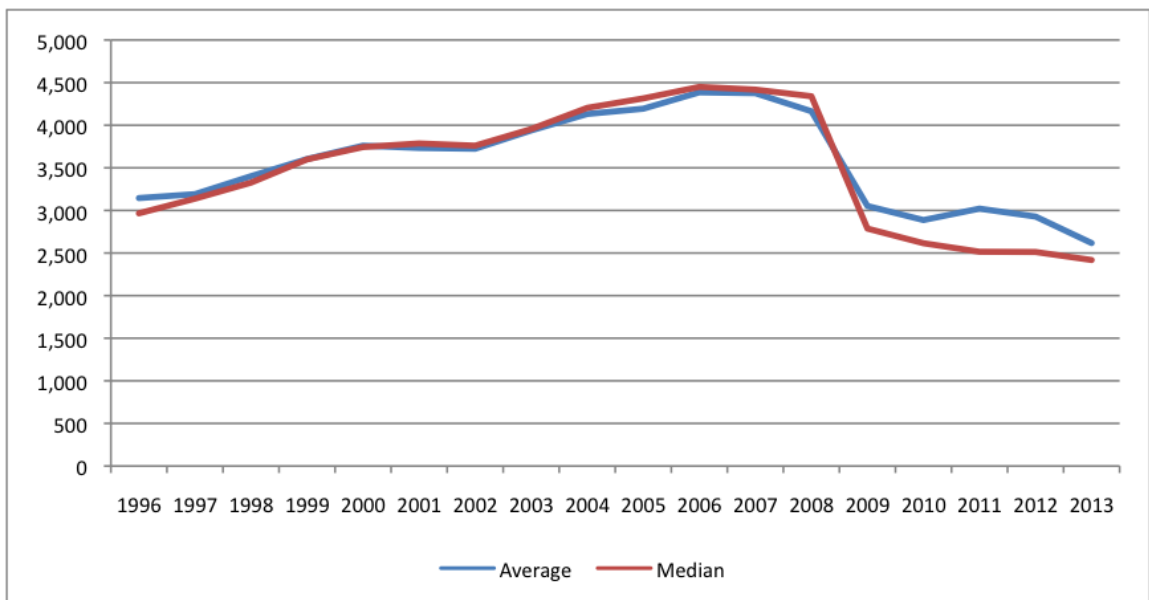
Figure 8: Median Real Wage Growth by Industry 1997-2013



Source: LRS AWARD (Actual Wage Rates Database)

Real wages appear to have fallen in agriculture, from just below R2, 900 to a little under R2, 200 per month in 2013.

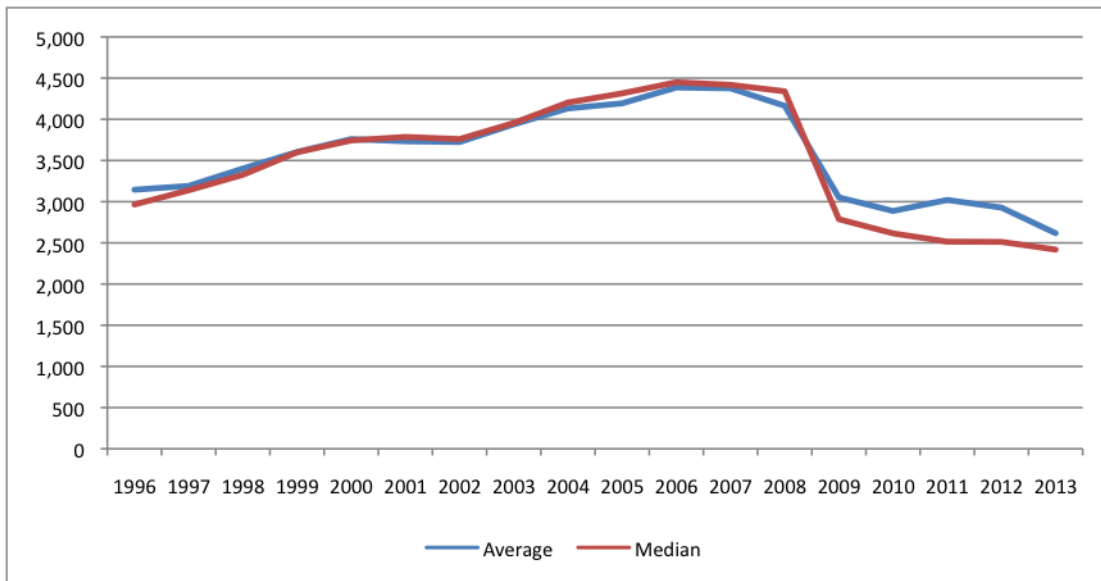
Figure 9: Agriculture Industry Average and Median Real Wages 1997-2013



Source: LRS AWARD (Actual Wage Rates Database)

Real wages in the community, social and personal services sector fell between 1996 and 2013, from just under R3, 000 to a little more than R2, 400 per month.

Figure 10: Community & Personal Services Industry Average and Median Real Wages 1997-2013



Source: LRS AWARD (Actual Wage Rates Database)

Real wages in construction increased from just under R2, 000 per month to a little over R2, 700 by 2013.

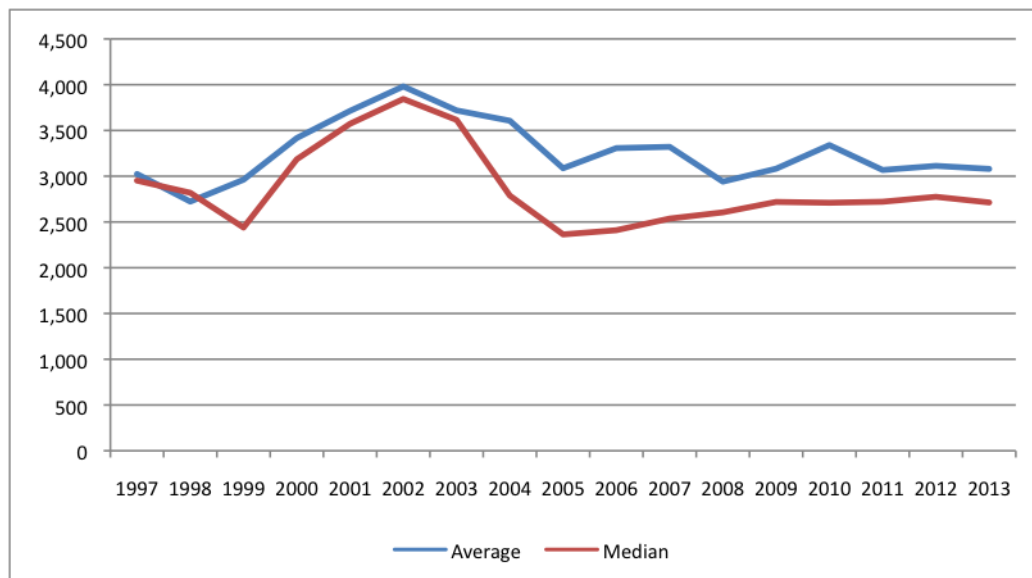
Figure 11: Construction Industry Average and Median Real Wages 1997-2013



Source: LRS AWARD (Actual Wage Rates Database)

Real wages in the finance industry, or more accurately the business services sector, declined marginally from around R3, 000 per month to a little more than R2, 700. Real wage gains made between 1999 and 2002 were subsequently lost from 2003 to 2005 and real wages never quite recovered to the level of 1997.

Figure 12: Finance and Business Service Average and Median Real Wages 1997-2013



Source: LRS AWARD (Actual Wage Rates Database)

Real wages in manufacturing declined from about R3, 800 per month in 1997 to under R3, 400 by 2013. The distance between average and median wages is quite pronounced in this industry, suggesting that there is significant variation in wages.

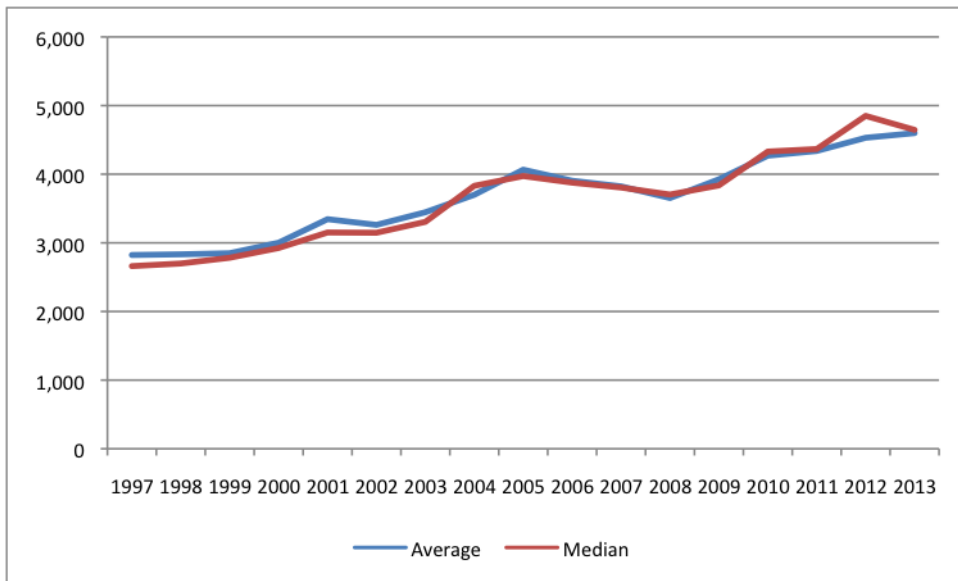
Figure 13: Manufacturing Industry Average and Median Real Wages 1997-2013



Source: LRS AWARD (Actual Wage Rates Database)

Real wages in mining and quarrying increased steadily from R2, 700 in 1997 to R4, 650 per month in 2013.

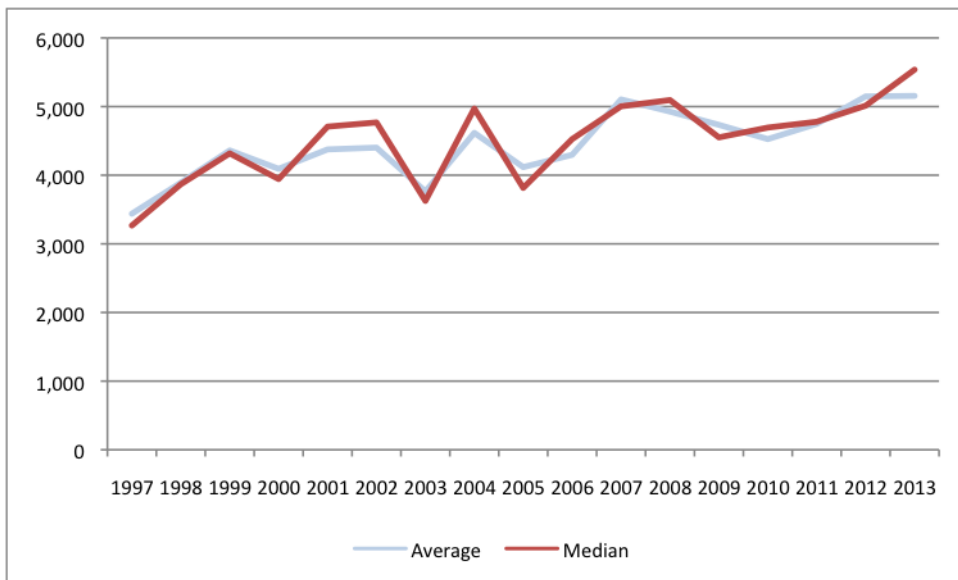
Figure 14: Mining & Quarrying Industry Average and Median Real Wages 1997-2013



Source: LRS AWARD (Actual Wage Rates Database)

Real wages in the transport, storage and communications industry increased from under R3, 300 per month to about R5, 500 by 2013.

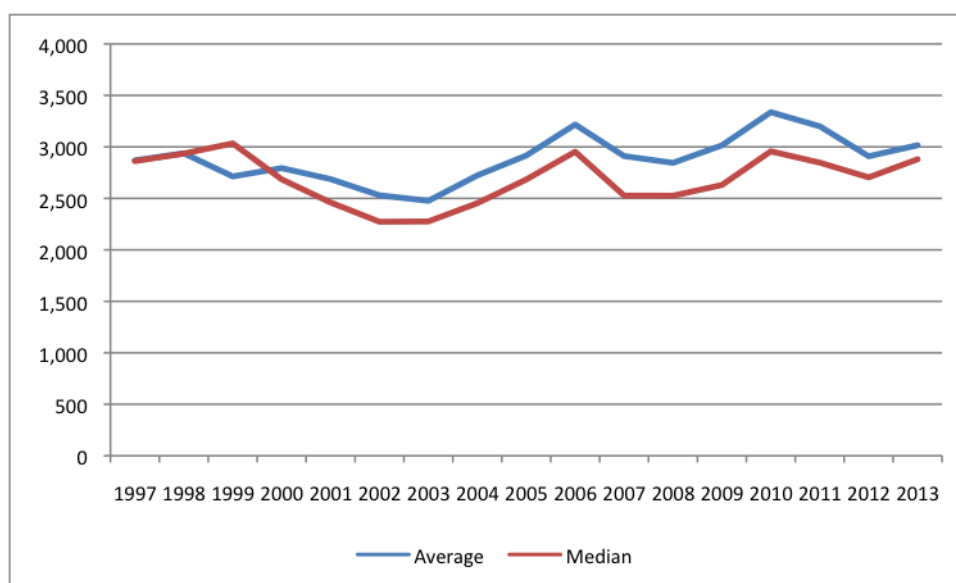
Figure 15: Transport, Storage & Comm. Industry Average and Median Real Wages 1997-2013



Source: LRS AWARD (Actual Wage Rates Database)

Real wages in wholesale and retail are unchanged between 1997 and 2013 at about R2, 800 per month.

Figure 16: Wholesale & Retail Trade Industry Average and Median Real Wages 1997-2013



Source: LRS AWARD (Actual Wage Rates Database)

3. WHAT DIRECTION WILL COLLECTIVE BARGAINING TAKE?

It may sound shocking, but if 34 workers had not been massacred on that day in Marikana, no one would be talking about Marikana. It would be as if nothing had happened. The strike would have ended as all strikes eventually do. What does this tell us? It tells us that the death of a great many workers on that day is the one true change in industrial relations in South Africa. But Marikana undoubtedly altered the tone of collective bargaining in South Africa. It is not easy to measure this change, but we can look for signs.

The protest by farmworkers in the Western Cape in late 2013 displayed an unexpected unity of purpose. The protests in 2013 for an increase in the minimum wage to R150 per day, up from about R50 per day in the sectoral determination for farmworkers, were a united call for an increase in wages and the target of the demands was farm owners and the state. Even if we cannot say precisely how, it is reasonable to suggest that these events derive some of their energy from Marikana.

The strike in the platinum sector in 2014 was reportedly the longest in the history of the country and provides a sense of the steely determination of both trade unions and employers. Clearly the events of 2012 clearly did not extinguish the ability of workers on the platinum belt to strike for better conditions of service. On the contrary the tragedy of August 2012 provides a kind of security in that neither the state nor the company can afford anything of the kind to recur. This strike also further establishes R12, 500 as a benchmark for wage negotiations and this amount is actually part of the formulation of the settlement agreement even if not the amount that all workers will earn following the agreement. The possibility of industrial action in other sectors of the mining industry over the next few years seems strong.

The month-long strike in the metal engineering sector is further evidence that some workers are prepared to strike at length despite the no work, no pay rule. The returns on the strike for low wage workers appear quite good in collective bargaining terms with 10% increases over the next three years. The majority union, NUMSA, is a well organised and well-resourced union with a militant posture. The key issue here appears to have been wages, but negotiations around labour broking and the shape of a "peace clause" in the final agreement were the subject of contestation too.

The long running strike in the postal service appears to centre on forms of employment rather than wages and the union in question, the Communication Workers' Union, is one which has suffered quite severe organisational weaknesses. The union is being steadily undermined by the emergence of new generation private communications companies who share neither the history nor the employment relations of their public counterparts. The postal strike was reportedly not instigated by the union, but rather by workers and was motivated by a perception that the company had reneged on earlier promises. The old saying that you should not make promises that you cannot keep was never truer than in collective bargaining.

While there is little empirical evidence of the proportion of strikes instigated by workers rather than the union, there is a sense that this phenomenon has been on the rise in recent times. This is not an exceptional insight in itself, because so-called 'wildcat' strikes are a recurring theme in unionised workplaces throughout history.

A trend for negotiations to take longer and longer to conclude predates Marikana, suggesting that one or both parties have an aversion to settling. Employers string processes out because they know that it builds pressure on their union counterparts. The delay also acts as a kind of credit facility to the company, and creates a further bargaining chip in the form of the issue of backdating. Trade unions are becoming unwilling to take responsibility for bargaining outcomes which they know will not satisfy members even as they provide sufficient mandate for the union to settle. The fallout from Marikana whereby NUM lost tens of thousands of members has heightened this sensitivity. This tendency is likely to continue and does provide a further obstacle to agreement in collective bargaining.

The attacks on the collective bargaining system will continue. Tight economic conditions will spur increased competition between employers' bodies vying for access to institutions and a more decisive say in collective bargaining. This has the potential to seriously destabilise the system in some sectors, because collective bargaining requires strong and well organised trade unions *and* employers' associations. The relationship between centralised and decentralised bargaining is not well understood, but the centralised bargaining surely sets a platform for other bargaining. If this platform were removed it is hard to say what the consequences for collective bargaining would be. It seems likely though that a more fragmented system would lead to increasingly fragmented wage structures and the potential for a great deal more conflict.

In spite of all this, collective bargaining continues and agreements are reached. The recent settlement in the clothing sector, for example, appears to signal a change in tone. The head of the employers' association talked of a "fair wage settlement" and the fortunes of the clothing industry are thought to be on the up. All of this occurred under a much maligned wage regime.

The effect of raising the minimum wage for farmworkers from R69 to R105 per day has partly contradicted predictions. *"The drop in employment is a very small one given the magnitude of the numbers and the size of the increase in the minimum wage. I don't think that the hype over the minimum wage was warranted."* (This statement is attributed to Frikkie Liebenberg,

University of Pretoria in Hall, 2014). Most farmers have absorbed the new minimum wage of R105 a day, while 26, 000 jobs (3.5%) were lost in March to June 2013. Two billion Rand was added to the wage bill. There is a long term trend of steadily rising employment in agriculture since June 2011, along with a large shift from casual and seasonal to permanent employment. These are both reversals of previous trends (Hall, 2014).

A tripartite process for determining the modalities of a national minimum wage for South Africa is underway and will be a source of much contestation in the coming months. The significant variations in the existing wage landscape in South Africa mean that the central question will be to what extent a national minimum wage consolidates existing minimums and to what extent it is limited to those workers not covered by the range of wage setting mechanisms already in place. This has a direct bearing on the level at which a national minimum will be set. A new national minimum wage will also likely bear no relation to what is required by a working family to live a life of dignity and material wellbeing. This is partly because we do not have a decent measure of a decent living level.

4. WHAT IS OUR DESTINATION?

"The moment is propitious for negotiation when both sides perceive that they may be better off with an agreement than without one." (Zartman & Berman, 1982)

What is the destination of collective bargaining and wage determination? If asked the question many a unionist would say "a living wage for all". The living wage campaign ostensibly 'belongs' to COSATU, but its main thrust resonates with the broader trade union movement in South Africa. But the living wage campaign is a bit like that fairy tale which you thought you knew, but when pressed to tell it to your children you realise that there are large gaps in your understanding of the story.

The living wage campaign might be strongly felt, but it is poorly conceptualised within the movement. This is the reason why an assessment of the campaign in a 1990 edition of the Labour Bulletin, only three years after its launch in 1987, could just as well have been written yesterday, only a few years after COSATU talked of re-launching the campaign.

"The COSATU Living Wage Campaign slipped to the back of most union agendas after its formal launch in 1987." (Roux, 2000)

The organisational report to the 2012 COSATU Congress confirms that the living wage campaign has been reduced to the sum of a few parts. The report lists 12 priority campaigns. The first listing is the living wage. In the discussion which follows in the report there is no commentary on the living wage campaign itself, except for a finding in the 2012 Workers' Survey that the living wage campaign is less well supported than the campaigns around corruption, electricity prices, labour brokers and toll roads.

The labour movement must revisit its conception of the living wage and much like it does in collective bargaining, it must quantify and motivate its demand. There can be little doubt that a stronger conception of the holding campaign for all campaigns, the living wage, would do wonders for strategy development and campaign implementation in future.

Although the parties might come to collective bargaining with a wide range of issues, the outcomes of bargaining are generally quite narrow, limited to wage increments and a few key benefit types which vary with the setting. Since collective bargaining is one of very few participatory mechanisms for engaging on incomes, it carries the burden of a range of so-

cio-economic ills and socio-economic needs. From this perspective, collective bargaining is overloaded with challenges it cannot solve. A clearer conception of the constituent parts of a living wage is likely to provide guidance on where, how and with whom the different elements can be negotiated.

This is the glaring omission in our analysis and our thinking on issues of incomes and livelihoods. We know a great deal about wealth, including: who has it, how much they have and how it is reproduced. We also know a great deal about poverty, the extent and the depth of poverty. What we know precious little about is what constitutes a decent level of living. We do not have a robust measure of what it is to live, not merely to survive better, but to truly live.

Most acknowledge that collective bargaining and, indeed social dialogue more broadly, is extremely polarised in South Africa. The Executive Director of NEDLAC talks of "*tilling the soil*". This analogy admits that the ground is not currently fertile for negotiation. The debate around wages reflects this situation and appears at times to consist of two contradictory statements. One says that wages are too high, the other that wages are too low.

The debate requires a destination. The debate requires a context that is more than the sum of the prevailing socio-economic indicators. A scientifically grounded measure of a decent level of living would be just the destination that is required. Such a measure would give meaning to existing benchmarks like the wage levels set in sectoral determinations, bargaining council wage rates or median wage earnings in South Africa. Such a measure would lend much needed context to wage setting generally, be it at the level of the enterprise, the industry or a national minimum wage. A measure of a decent living level might make it clearer that we are compelled to act decisively to eliminate certain conditions, even as we work towards the progressive realisation of our grander goal. Such a measure would likely assist us in better formulating policy for social development and social protection.

The living level measures of the past were deeply flawed to begin with and cannot be resuscitated. The work of developing this new measure of a decent living level has the advantage of drawing on a wealth of research on poverty, inequality and socially perceived needs.

Our task would no longer be a vague call for more growth or more jobs. Our task would no longer be defined negatively as one of reducing or eliminating poverty. Our task now would be a positive one, the task of moving our people into this clear image of a decent life for all. This decent life might be made up of a series of positive material and capabilities indicators. You cannot imagine the joy we might take in measuring our progress.

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APPENDIX: METHODOLOGY

Here we describe the methodology used in our research and the sample of data which we draw on in this paper. This discussion is very important. When presented with research we should all be asking ourselves questions about its reliability. How did they arrive at this number? How many cases did they look at of all the possible cases? How did they choose the cases that they include in their research? How representative is this data of the situation which it claims to describe. All research has limitations, but researchers have a duty to describe those limitations so that you can make your own assessment of the validity of their claims. The less that is said about the sample and methodology, the more likely it is that the data is weak.

The data which informs much of this paper is certainly only a fraction of all the wages in our economy. Even so, to the best of our knowledge, it is the finest available reading of the wage outcomes of collective bargaining in South Africa.

Our data is drawn from evidence of wage determination in South Africa. Our primary source of information is collective agreements and other determinations of pay and conditions of employment in South Africa. This includes all major bargaining council agreements along with sectoral determinations. This is supplemented by several hundred collective agreements concluded between trade unions and employers outside of statutory bargaining structures.

The wage entries are un-weighted in our analysis. Each wage carries the same weight regardless of how many workers it represents. This means that agreements which represent large numbers of workers do not influence the overall wage any more than an agreement which represents far fewer workers. The work of gathering estimates of the representivity of the various agreements is difficult and, until we have a more complete picture, we present un-weighted estimates.

Bargaining council agreements and sectoral determinations select themselves for our sample. There is a limited number of these and, for the most part, they are available in the public domain. We also collect bilateral agreements, which are concluded outside of these statutory settings, from trade unions. We have limited control over exactly which agreements we can get each year.

The data is characterised by minimum wages or the lowest wage in the various bargaining units. The wages which we present are best described as a measure of pay for low wage work in parts of the economy where pay levels are made transparent (either by statutory bodies like bargaining councils, government gazette, or collective agreement).

Table 1 breaks down the sample of wages by year and main industry. There tends to be about 600 wages each year. The sample size shows a tendency to decrease over time. The biggest drop was between 1999 and 2000. This trend is the result of three factors. The first reason is that there was a decline in the number of wages recorded for municipalities. Up until 1999 the database recorded wages for numerous individual municipalities. After 1999, minimum wages at municipal level were standardised. The second reason is that there is a clear fall in the number of wages for mining & quarrying. A third reason for the number of wages to increase as you go back in time, is that we continue to collect wage information and older collective agreements are added to the database each year. This means that the sample for previous years will tend to grow each year.

It should be clear that the stronger industry samples are for manufacturing, mining and retail. The weakest samples are for agriculture and transport. In some instances, smaller industry sample sizes are offset by the fact that it does include wage rates from bargaining councils

and/or sectoral determinations, which tend to have wider coverage than bilateral agreements.

Table 2: Sample of wages by industry (elementary occupations)

	All	Agri	Communi- nity	Construc- tion	Fin	Man	Mining	Transport	Retail
1997	904	4	264	18	20	292	206	46	53
1998	1001	2	331	57	19	292	220	35	44
1999	950	1	438	30	13	192	224	17	31
2000	694	2	96	14	18	238	222	27	76
2001	701	10	104	22	14	264	94	56	133
2002	656	13	104	15	8	239	69	49	153
2003	624	18	98	20	13	241	83	20	128
2004	579	16	97	16	14	226	79	14	116
2005	456	15	96	9	15	146	67	11	94
2006	342	12	94	3	15	103	52	17	45
2007	511	18	98	4	20	184	89	25	72
2008	636	17	109	6	34	213	119	12	125
2009	603	13	29	11	41	249	117	14	128
2010	536	11	30	13	46	270	91	15	58
2011	506	15	28	19	62	239	68	16	56
2012	574	11	27	17	76	260	64	20	96
2013	531	9	25	45	54	221	66	18	91

