

# **LABOUR RESEARCH SERVICE**

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ANNUAL REPORT **2004/5**





**Captured Hearts** by Sophie Peters

The cover is a reproduction of an oil painting

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The LRS Board and staff wish to thank the following partners for the grants, donations, commissions or contracts during the period under review:

<b>ACRONYM</b>	<b>DONOR</b>	<b>COUNTRY</b>
ACILS	American Center for International Solidarity	USA
CEPPWAWU	Chemical Energy Paper Printing Wood & Allied Worker's Union	RSA
DFID	Department for International Development	UK
EED	Evangelischer Entwicklungsdienst	Germany
FNV	FNV Mondiaal	Netherlands
FWE	Friends of Workers Education	UK
HSRC	Human Science Research Council	RSA
ICCO	InterChurch Organisation for Development Co-Operation	Netherlands
IFWEA	International Federation of Worker's Education Association	Norway
ILRF	International Labour Rights Fund	USA
ITF	International Transport Workers Federation	UK
LOTTERIES	National Lotteries	RSA
MEIBC	Metal Engineering Industry Bargaining Council	RSA
NALEDI	National Labour and Economic Development Institute	RSA
NBCRFI	National Bargaining Council for the Road-freight Industry	RSA
NUMSA	National Union of Metalworkers of South Africa	RSA
OPIC	Olof Palme International Centre	Sweden
RLF	Rosa Luxemburg Foundation	Germany
SATAWU	South African Transport and Allied Workers Union	RSA
SATUCC	Southern African Trade Union Co-ordinating Council	Botswana
SLA	Swiss Labour Assistance	Switzerland
SOLIDAR	Solidar	Belgium
TSL	Työväen Sivisty Liitto	Finland
UNISON	Unison	UK
UNITY Inc.	Unity Incorporation	RSA
WOW	War on Want	UK



## LIST OF MEMBER TRADE UNIONS

CAPEF	Cape Peninsula Employee Union
CEPPWAWU	Chemical Energy Paper Printing Wood and Allied Workers Union
FAWU	Food and Allied Workers Union
HARWUSSA	Hotel Allied Restaurant Workers Union of South Africa
HOSPERSA	Hospital Personnel Trade Union of South Africa
J&GWU	Jewelers' and Goldsmiths' Union
MEWUSA	Metal Electrical Workers Union of South Africa
NEHAWU	National Education, Health and Allied Workers Union
NULAW	National Union of Leather and Allied Workers
NUM	National Union of Mineworkers
NUMSA	National Union of Metalworkers of South Africa
SACCAWU	South African Commercial Catering and Allied Workers Union
SADTU	South African Democratic Teachers Union
SAMWU	South African Municipal Workers Union
SAWU	South African Woodworkers Union
SATAWU	South African Transport and Allied Workers Union
TOWU	Transport Omnibus Workers Union



## VISION

The Vision of the LRS is to work towards an egalitarian society, which treats all people with dignity and respect. All shall have equal access to political, legislative and economic resources and activities of society. Such a society shall eradicate poverty and all forms of exploitation and foster:

- A political environment of participative democracy, which is fully transparent and accountable
- A social environment in where labour is valued and rewarded
- A social environment where inter alia the young, old and physically weak are protected
- A social environment where all forms of elitism is discouraged.

## MISSION OF LRS

To promote and enhance the full and active participation of working women and men in the political and socio-economic activities of South Africa. We do this through developing organisation and leadership capacity of trade unions and labour focussed social organisations, to enable collective bargaining on incomes and social livelihood.



## LRS AT A GLANCE

The LRS has two main programmes namely:

- Building dialogue between trade unions and new forms of organisations in civil society
- Building capacity amongst organisations of labour and civil society to understand the movement of capital and the distribution of incomes.

The programmes are highlighted below.

### PROGRAMME ONE

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*Building Dialogue Between Trade Unions and New Forms of Organisations in Civil Society*

The development of *Programme One* was born out of the strategic response to the following:

#### **Enhancing the role of labour organisations**

- Initiating and supporting national and international dialogue among labour organisations from different political and organising traditions
- Supporting collaborative efforts with Civil Society Organisations

#### **Supporting organisational development**

- Ensuring lessons from the past are available
- Addressing issues of women's employment and leadership
- Supporting reflection and review of organisational experience to enhance future effectiveness

### **Projects undertaken in March 2004 to February 2005**

**as well as a review of new projects in the 2005/6 financial year is outlined below:**

#### **A Global Network for Global Dialogue (2001 – 2008)**

Understanding the impact of neo-liberal globalisation on South Africa's poor

#### **South African Labour History Project (2001 – 2005)**

Developing an awareness of alliance and organisation building and drawing lessons from recent SA history

#### **Wine Farms Project (2003 – 2005)**

Improving the working conditions of women farm workers on wine farms in the Western Cape

#### **Trade Union Library (ongoing)**

Providing access to specialised information

#### **LRS Negotiators Conference (annual event)**

Building capacity, understanding and dialogue between trade unions from different political and organising traditions in preparation for negotiations with companies

**Review of SATUCC (2004)**

Building a co-ordinating structure that will facilitate co-operation and solidarity initiatives of labour in the Southern African region

**Labour Standards and the South African Labour Law (2004)**

Realisation of labour standards within the South African sugar industry under conditions of trade liberalisation

**THE WAY FORWARD: 2005 - 2007****TRADE UNION INDICATORS: A time-bound survey to develop the capacity of trade unions in South Africa to improve their strategic planning and institutional decision making and practices (2005- 2007)**

This project aims to assist unions and their members to understand the changing role of, as well as the changes in, trade unions in a post-apartheid South Africa through an empirical and analytical study compiled into a two-year review, with a pilot review being published in the first year. The two-year review will be launched at a conference in the final year of the project.

**50 YEARS OF THE FREEDOM CHARTER: Towards building democratic socialist alternatives for the 21st century (March -October 2005)**

A national conference in collaboration with two national NGO's to provide a platform of engagement on workable solutions for South African society. The outcomes of the conference will be published and distributed.

**LABOUR CORNERS IN RURAL AND COMMUNITY LIBRARIES (2005 – 2007)**

The Trade Union Library extends its existing services by creating Labour Corners in community and rural libraries. Marginalised communities are hereby afforded an opportunity to become active participants in changing their lives for the better by the provision of accessible labour related information and resource corners.

**PROGRAMME TWO**

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*Building capacity amongst organisations of labour and civil society to understand the movement of capital and the distribution of incomes*

The development of *Programme Two* was born out of the strategic response to the following:

**Informed Analysis of Traditional and New Labour Trends**

- Global policy effects
- The impact of Government policy on the conditions of workers at the traditional workplace
- New trends in relation to workers in casual/marginal employment

**Empowered Collective Bargaining**

- New trends in company policies
- Financial literacy skills in negotiations
- Supporting reflection and review of trade union experience to enhance future effectiveness



**Projects undertaken in March 2004 to February 2005  
as well as a review of new projects in the 2005/6 financial year is outlined below:**

**The Actual Wage Rates Database (AWARD - ongoing)**

Improving the incomes of the lowest paid workers in the formal economy

**Social Responsibility Research (2004 – 2005)**

Understanding and improving best practise of corporate social responsibility

**MNC's in Africa (2004 – 2005)**

Civil society responses to South African Multinational Companies in Africa

**Foreign Direct Investment (2004 - 2005)**

An analysis of the impact of Foreign Direct Investment on the development of women in the Eastern Cape

**THE WAY FORWARD: 2005 - 2007**

**Raising Gender Standards in The Workplace (2005 – 2007)**

The project objective is to mainstream gender standards into the collective bargaining activities of trade unions, and to build the capacity of women activists in trade unions and grassroot organisations with a predominantly female membership to implement and popularise the need for these standards.

**Financial Literacy Training (2005 - ongoing)**

The aim of this project is to assist trade unions, NGO's and new forms of workers organisations to secure better working conditions and higher wages for workers.

**Research and economic literacy for women working on wine farms in the Western Cape (June – December 2005)**

The course aims to increase the involvement of women on farms in meaningful participation in negotiations for improved working conditions through building their financial, economic and research capacity.

**Commissioned Research (ongoing)**

The focus will remain on conducting research that seeks to understand and highlight the impact of company activities on the social and economic welfare and rights of the working poor.



## BOARD OF DIRECTORS



**Sandra van Niekerk**

South African Municipal Workers Union (**Samwu**)



**Gary Wilson**

Transport and Omnibus Workers Union (**Towu**)



**Faiza Davids**

South African Commercial, Catering and Allied Workers Union (**Saccawu**)



**Michael Sinclair**

National Union of Metalworkers of South Africa (**Numsa**)



**André Cleophas**

National Union of Mineworkers (**Num**)



**Sahra Ryklief**

Director of Labour Research Service



## CHAIRPERSON'S REVIEW



*Michael Sinclair*

The LRS was established to build capacity within trade unions to assist in ensuring that workers' living and working conditions are improved. Through its various research and educational activities as well as its extensive Trade Union Library, it continues to be an essential institution in the labour movement.

Each year the LRS ascertains the needs of trade unions and conducts an analysis of the environment within which trade unions find themselves to ensure that activities meet the needs of its constituency. Trade unions operate in an environment fraught with drastic changes in the workplace, shifts in membership, high levels of job losses and privatisation.

The LRS does well in raising awareness of the reasons why these shifts are taking place and assists trade unions in developing strategies to enter into dialogue with the agents of change. The research activities on Multinationals, the impact of Foreign Direct Investments and the AWARD project that captures the incomes of both workers and company directors, does well to bring understanding around the movement of capital and for building strategies to engage with it. In 2005 the Financial Literacy Programme will be implemented which aims to further strengthen collective bargaining.

Through the South African Labour History Project we as trade unionists are reminded of the importance of the preservation and conservation of our rich heritage. One of the main areas of focus is the history of the formation of our trade union movement and alliance building with other civil organisations. The project highlights valuable lessons from the past that we can learn from to inform current strategies.

The Board of the LRS has also undergone major improvements. This includes a capacity building workshop during which the tasks and responsibilities of each member was clearly defined. To facilitate a deeper understanding of each other's working environments, staff and board members will shadow each other. The board is also working towards proposing changes to its constitution, which includes an extended tenure from a one-year to a longer term to ensure continuity.

In conclusion, the LRS remains a very useful and sustainable resource for trade unions and other organs of civil society. We trust that the current application to the Department of Labour for funds for the maintenance of the AWARD database is successful as it is an invaluable resource for us as trade union negotiators.

As the Board of the LRS we look forward to another year of fruitful engagement and strengthening of our labour movement.

**Michael Sinclair**  
Chairperson  
June 2005



## DIRECTOR'S REVIEW

**"Measured introspection, used well, contributes to growth".**

The year March 2004 – Feb 2005 was year one of our three year strategic plan. In this plan the LRS reformulated its strategic direction and activities to take account of the following trends:



*Sahra Ryklief*

### **The Structure of The Global Economy**

We expanded our work both regionally (Africa) and internationally; and we selected issues that build capacity and/or dialogue on a regional and global level. The Global Network seminars; SATUCC research; ITF research; CEPPWAWU research and the AWARD Namibia project activities respond to this trend.

We stepped up our **Networking** with fraternal labour-orientated NGO's, either through collaboration on joint activities or through assistance and exchanges of a more general nature, in order to improve our service delivery to labour organisations. Nationally, these include WFP; DITSELA; NALEDI; IHRG; WWMP; ILRIG; AIDC and TCOE.

Internationally, we placed a high value on our membership of the International Federation of Workers' Education Associations (IFWEA) and our activities with their member NGOs through the Global Network activities. We collaborated with SOLIDAR in the Global Network. We renewed our membership of the International Association of Labour History Institutes (IALHI), and attended their 2004 conference. Last but by no means least, we joined the Global Union Researcher Network (GURN).

Regionally, through our work on corporate governance for NALEDI we collaborated with the African Research Network on their southern African Social Observatory, and through the SATUCC research activity, interacted with the Southern African Trade Union Leadership Academy (SATULA).

### **Changes in The World of Work**

We broadened the scope of our research, information and education provision to cover those on the periphery of the formal economy and new forms of organisations responding to this. The Wine Farms Directory, Sugar Industry research, IFWEA and Global Network activities respond to this trend. We plan to further expand this area of work in 2005 – 2007, and are currently trying to raise funds to begin collecting data on incomes and conditions of work of members of informal economy organisations.

### **The Weakening of Trade Unions in Relation to Capital**

We focused on the improvement of our capacity building activities for mainstream trade unions. Towards this end, we convened what has become our annual Trade Union Negotiator's conference, to present our draft Bargaining Indicator's reports and survey negotiators so as to inform current and future activities.



We began to elaborate on our advocacy for **trade union analysis of their service delivery and social role** through developing a research proposal and securing an international partner (LO-TCO Sweden) for a new activity: designing Trade Union Indicators. The activity will begin in 2005.

### **The Relation Between Trade Unions, Government and Civil Society**

We laid the basis for the recognition of past partnerships between trade unions, NGOs and community based organisations in recent S.A. history through the South African Labour History Project. We brought together trade unions, campaign groups, community organisations and political parties in our Global Network and evening seminars.

We began laying the groundwork for a conference in 2005 to mark the 50<sup>th</sup> anniversary of the Freedom Charter, in order to review the strategies towards building alternatives to neo-liberalism in the 21<sup>st</sup> Century. The conference will take place in October 2005, and will be attended by leading representatives from political parties, trade unions, campaign groups and grassroots organisations.

### **The Sustainability of the Work and Resources of the LRS**

Priority was given to improve our resources so as to impact positively on the quality of our services. The Board and Management Committee set a number of strategic goals for each Board Member and Manager for the three-year term. Thus far we have achieved between 80 -95% of these goals. We reviewed our performance in this regard in November 2004, and set the goals for the year ahead as follows:

- There should be criteria for board membership to ensure that the directors elected add value to the organisation;
- There should be a longer term of office for board members, to ensure continuity in policy making for the LRS;
- There should be focused capacity-building activities for board members to ensure greater familiarity with key strategic activities of the organisation;
- There should be a development programme of exposure to trade union activity for new staff members, so that they can become familiar with the environment they service;
- The ICT system and services to staff must be improved;
- Human resource management should be improved. This should be geared towards greater level of supervision and support, and the formal acknowledgement, recognition and rewarding of excellence in performance and the exercising of initiative.
- Greater administrative capacity must be achieved, as weak administration hampers delivery.



*Harlene Hendricks*  
Office Administrator



*Aaron Mseleni*  
General Assistant

Last year the LRS knew from the beginning of the year that it would come in under budget. This means that we took on a heavy load of demand driven commissioned/contract work to increase our income, in the process overloading core staff. We also drew on our reserves for operational expenditure the first time in five years.

The main reason for so doing is that we were setting up strategic long-term projects which had no funding during the year, but held excellent potential for long-term support, such as the AWARD and financial literacy activities. The utilisation of reserves should thus be seen as an investment in key strategic (both for the labour movement as well as the LRS) activities for the future.

For 2005/6 we have raised an additional R1 million in grant income, and also plan to reduce variable expenditure as much as possible through tight budgetary controls. We will continue our fundraising activities for key under-funded projects, and are making some headway in support for AWARD related activities. We will also be making full use of organisational support services through the EED's IDEAL and VSO in the year ahead, as these excellent services add to our capacity at very little cost.

**“We will narrow our focus, concentrate on quality rather than quantity, and make 2005 a year of REJUVINATION”.**

**Sahra Ryklief**

Director  
June 2005



## RESEARCH DEVELOPMENT REVIEW

The Labour Research Service provides information, research and education services to enhance the capacity of trade unions in collective bargaining. The restructuring of the LRS has integrated these services, with research at the core. This has impacted on the nature of research conducted at the LRS. Previously research was confined to economic issues. While economic research remains an important component, research on organisational strategies has become another.



*Salim Patel*

The need to become less project-driven or, put another way, the need to give research projects coherence and enhance their impact, gave rise to a discussion and adoption of a vision, mission and programmatic orientation for the LRS. The strategic objectives have also been revised laying the basis for restructuring the organisation to improve the relevance of research services to member unions and client organisations.

Research projects and activities often straddle the two programmes developed to ensure strategic coherence and enhance the impact of research on users. However, the two programmes assist with integrating and designing research activities using the broader picture as a point of departure rather than the narrow project objectives.

### Overview of Research 2004/5

Thirteen research reports were produced during the period March 2004 and February 2005. A list of the research reports is shown on page 16.

In programme one there are three reports. Two of these highlight the discrepancy in the laws that protect workers – laws are not easily applicable to workers who find themselves in precarious jobs. This raises concerns when one understands that casualisation is a growing trend and that work in the informal economy is growing. The third is an attempt to understand and overcome the difficulties of building alliances among trade unions in the Southern African Region.

In programme two, ten reports were produced. Three of them were published in *Bargaining Indicators*, an annual LRS publication directed at trade union negotiators: *The Economic Review*, *The Wage Review* and *The Directors' Fees Survey*. From the other reports that fall in programme two, it is evident that Foreign Direct Investment (FDI), the restructuring and expansion of Multinational Companies (MNCs) in Africa and Trade and Investment Policies pose new challenges for labour and civil society organisations.



## RESEARCH REPORTS PRODUCED

DURING MARCH 2004 AND FEBRUARY 2005

### Programme One:

"Building dialogue between unions and new forms of organisation"

#### **Labour Standards and South African Labour Law**

*By Riedwaan Baboo for The International Labour Rights Fund*

#### **Realisation of labour standards within the South African sugar industry under conditions of trade liberalisation**

*By Riedwaan Baboo for The International Labour Rights Fund*

#### **Organisational Review of SATUCC**

*By Sahra Ryklief for SATUCC*

### Programme Two

"Building capacity amongst organisations of labour and civil society to understand the movement of capital and the distribution of incomes"

#### **Foreign Direct Investment and Sustainable Development:**

##### **The Case Of The Coega Industrial Development Zone**

*By Shaheen Buckus for the Trust for Community Outreach and Education*

#### **Multinational Companies in Road Freight Industry in Eastern, Western and Southern Africa**

*By Riedwaan Baboo for The International Transport Workers Federation*

#### **An Overview of The Graphical Printing and Paper Packaging Industry, with Selected Case Studies of South African MNCs and Developing Trade Union Strategies for Engaging these MNCs**

*By Rudi Dicks for the Chemical, Energy, Paper Printing, Wood and Allied Workers' Union*

#### **Corporate Governance in South Africa: Corporate Veil for Corporate Domination**

*By Riedwaan Baboo, Rashid Bosch and Saliem Patel for The National Labour, Education and Development Institute*

#### **A Review of Directors' Fees in 2003**

*By Riedwaan Baboo for LRS Publication*

#### **A Review of The Economy in 2003**

*By Saliem Patel for LRS Publication*

#### **A Review of Wages in 2003**

*By Trenton Elsley and Beaula Bethanie for LRS Publication*

#### **A Comparative Study of the Terms and Conditions of Employment between the Main Agreement and Selected House Agreements in the Metal and Engineering Sector in S. A**

*By Trenton Elsley for the Metal and Engineering Industry Bargaining Council*

#### **Collective Bargaining in the National Road Freight Bargaining Council**

*By Trenton Elsley for the National Road Freight Bargaining Council*

#### **Employment and Remuneration in Selected Sectors**

*By Trenton Elsley for the Human Sciences Research Council*



A list of company reports produced in the same period is provided below. These reports provide an evaluation of companies according to social responsibility criteria for a trade union-controlled Unit Trust fund called the Community Growth Fund.

Although this research is commissioned and therefore not available for publication, the LRS uses the knowledge gained to enhance analysis of the industry and this ultimately is used in Bargaining Indicators and Bargaining Monitor.

## Company Reports

*by Riedwaan Baboo, Rashid Bosch and Manzodidi Maputuma*

Barloworld Ltd	MTN Group
Barnard Jacobs Mellet Holdings	Mutual and Federal Insurance Co (Ltd)
Bidvest Group	Palabora Mining Co Limited
Coronation Fund Managers Ltd	PSG Group Ltd
Discovery Holdings Ltd	Sage Ltd
Impala Platinum Holdings Ltd	Sasol Ltd
Investec Ltd	Searcel
Johnnic Holdings Ltd	Sun International
Liberty Group Ltd	The House of Busby Ltd
Mathomo Group Ltd	

## The Future

With the conviction in our logo – “Knowledge is too important to be left in the hands of the bosses” – the focus of LRS research will assist trade unions to improve their position in collective bargaining. During 2005-6 there is a dynamic mixture of research activities that help understanding how the world works and how to change it.

There are projects on the effects of South African MNCs in Africa, Wages and Incomes, Labour History, and Strategies for the Labour Movement that include building networks among trade unions in Africa and between trade unions and organisation of civil society.

In addition, we have set out to develop more joint research projects with partners in South Africa and Africa as well as with international union federations. This will allow for sharing of experiences and building our own internal resources to cater for the changing needs of our trade unions members.

## Saliem Patel

Programme Manager: Research Development  
June 2005



## REVIEW OF LRS ACTIVITIES

### PROGRAMME ONE

#### **Building Dialogue Between Trade Unions and New Forms of Organisations in Civil Society**

- South African Labour History Project
- Global Network Project
- Wine Farms Directory Project
- Trade Union Library
- Negotiators Conference

#### **South African Labour History Project**

The crucial role that the Labour Movement has and continues to play in the making of the history of South Africa is poorly documented and access to existing archival material is limited. This projects aims to contribute to the preservation of and avail the collection of historical materials to the working class and future generations. Resources collected are housed in the Trade Union Library and displayed on the following website: [www.labourhistory.org.za](http://www.labourhistory.org.za)



*Annelize Kotze, Esmerelda Dirks,  
Beulla Bethanie and Bevil Lucas*

One of the main areas of focus is to track the formation of Trade Union organisation and alliance building. Oral histories of workers/ activists who have made significant contributions to the labour movement is recorded and displayed on our website. An educational CD that highlights the significance of Durban 1973 was produced in 2004.. Durban 1973 stands out as an influential period of the emergence of the progressive trade union movement in South Africa. This year the project will be researching the wave of strikes in East London over the period 1973 to 1976 with specific focus on the Mdantsane Bus Boycotts and the strikes at the Car Distributive Assembly plant.

#### **Global Network Project**

This project aims to build dialogue among and between trade unions, NGOs, community and campaign based organisations to share lessons, build alliances and embark on joint campaigns. The dialogue enhances understanding between these organisations of their constituencies, their demands and their strategies. Participating regions in the Global Network are Africa, Latin America and Asia. LRS coordinates the African Network. There are a total of eleven African countries involved in the African region of the Global Network.

National and regional seminars are held to facilitate engagement around the role of trade unions today and the challenges confronting trade unions and civil society organisations in the context of capital's restructuring of production and distribution. Over the next three years the global network will work towards building concrete



alliances, campaigns, organisational forms, strategic perspectives and struggles between participating trade unions, NGOs, community and campaign based organisations.

### Wine Farms Directory Project



This project, jointly run by the LRS and the Women on Farms Project (WFP), facilitates an understanding of the impact of globalisation on the lives of farm workers. It also assists workers in developing strategies to deal with these changes and develop an improvement plan. From the onset there was a clear focus on empowering female farm workers.

The project was initiated in 2002 and has produced two Wine Farms Directories that highlight the plight of farm workers on a total of 26 farms located in the Western Cape. A plan that outlines farm workers demands on improvements for their living and working conditions was designed and tabled to farm management. Sikhula Sonke, a workers organisation established by the Women on Farms Project, will continue to work with the farm workers to ensure that the improvement plan is implemented.

### Trade Union Library

#### Resource Centre

The Trade Union Library houses an impressive collection of journals, books, videos, posters, magazines and other resources on political and socio-economic issues. The library aims to make this information accessible to largely working class communities. Workers and trade unionists are empowered to use the information to participate actively in policymaking,



Nokhutula Mankune

Busisiwe Vananda

lobbying, advocacy and collective bargaining. The library is used extensively by trade unions, NGO's servicing the labour movement, and civil society organisations whose constituencies are the working people. It has recorded increases in the number of library users as well as growth in its Reader's club membership. The LRS wishes to thank the following for their generous donations of books and materials to our Trade Union Library:

- The London based organisation 'Friends of Workers Library in South Africa'
- Professor W. Bendix, a retired Industrial Relations professor from the University of Stellenbosch
- Professor William G. Martin from the Fernand Braudel Centre, State University of New York at Binghamton.



### *Labour Corners*

The Trade Union Library extends its existing services by creating *Labour Corners* in community and rural libraries. Initially the project will be introduced in the following five provinces: the Eastern Cape, Mpumalanga, Northern Cape, Limpopo and to the semi-rural areas of the Western Cape. Marginalised communities are hereby afforded an opportunity to become active participants in changing their lives for the better by the provisions of accessible labour related information and resource corners.

### *Study Circles/Evening Seminars*

The LRS works toward making its extensive collection of books, journals and other resources available and accessible to the public at large. One of the ways in achieving this is to host evening seminars. In 2004 two seminars were conducted. The first seminar was held in April 2004 and focussed on introducing the LRS' annual Bargaining Indicators as a resource in preparation for collective bargaining. The second seminar highlighted the significance of May Day and was hosted in conjunction with the Friends of Cuba Society (FOCUS). Seminars were also provided to trade union bargaining conferences and regional and national meetings upon request..

### **Negotiators Conference**

The Negotiators Conference is an annual event that seeks to build capacity, understanding and dialogue between trade unions from different political and organising traditions in preparation for collective bargaining.

The conference raises awareness on how to improve bargaining strategies, and creates a forum where negotiators can critically discuss and debate collective bargaining issues. Trade union negotiators are also afforded the opportunity to review the Bargaining Indicators prior to its publication thus ensuring that it is relevant and useful.



*Negotiators Conference 2004*

The 2004 conference was attended by 54 negotiators from 13 different unions. Fraternal NGO's Industrial Health Research Group (IHRG); Open Democracy Advice Centre (ODAC); DITSELA and NALEDI made presentations, as did COSATU and NACTU. The theme of the 2004 conference was accessing and utilising essential information for collective bargaining.



## PROGRAMME TWO

### Building capacity amongst organisations of labour and civil society to understand the movement of capital and the distribution of incomes

- ❑ The Actual Wage Rates Database (AWARD)
- ❑ Corporate Social Responsibility Research
- ❑ Commissioned Research

#### The Actual Wage Rates Database (AWARD)

AWARD is a cumulative database of wages and conditions of employment in the formal economy. It is an information management tool that allows the user to tailor the outputs to their own information needs. AWARD is an online application and is available on the Internet. The wealth of information available on AWARD lays the foundation for informed collective bargaining, based on empirical rather than anecdotal evidence. The collective agreements on AWARD have a bearing on over two million workers and cover an average of 500 individual agreements ranging from plant level to centralised bargaining .



George Mthetwa and Trenton Elsley

The gender component of the project, which commences in 2005 and is a two-year pilot initiative, aims to mainstream gender standards in collective bargaining. The LRS will publish a baseline report on Gender Standards in the Workplace in 2006.

<b>AWARD WAGE RATES DATABASE</b>							
Average Minimum Weekly Wage For SIC Major Divisions For Index: CPI For CPI Avg Inc(%): 1.42 For Year: 2004							
SIC Major Divisions	Avg Hours Week	2004 Avg Wage	2003 Avg Wage	Avg Wage Inc(%)	Real Wage Inc(%)	No Agreements	Est No Workers
Agriculture, hunting, forestry and fishing	44.82	317.50	288.76	9.95	8.53	34	8519
Community, social and personal services	42.61	567.51	522.39	8.64	7.22	192	181400
Construction	42.43	328.60	297.70	10.38	8.96	49	43477
Manufacturing	42.90	530.01	501.07	5.78	4.36	455	246037
Mining and quarrying	44.97	504.32	454.02	11.08	9.66	116	19304
Transport, storage and communication	44.07	549.44	488.46	12.48	11.06	28	92480
Wholesale and retail trade, repair of motor vehic..	44.09	375.07	360.33	4.09	2.67	246	214699
Column averaged <input type="checkbox"/> Column Totalled <input type="checkbox"/>	43.70	453.21	416.10	8.91	7.49	1121	805916

**How to access the AWARD Database**URL : [www.award.lrs.org.za](http://www.award.lrs.org.za)

Username: guest

Password: sna98ball

**For assistance** contact Trenton on 021 447 1677, or [trenton@lrs.org.za](mailto:trenton@lrs.org.za)

AWARD is a platform for solidarity in the Southern African region and beyond. The expansion of the project to other countries in Africa will lay a foundation for comparative research and the formulation of regionally relevant strategy. AWARD Namibia, partnered with the Labour Resource and Research Institute (LARRI), is entering its second year and has established itself as a unique resource in that country. The LRS is investigating the possibility of extending AWARD beyond South Africa and Namibia into the Southern African region.

**Corporate Social Responsibility Research**

Research was conducted on twenty companies listed on the JSE Exchange Securities.

The aim was to assist the ethical investment company Unity Incorporation through their Community Growth Fund, to invest in companies with Social Responsibility Investment Programmes. This project has been running since 1992 and will be concluded in 2005. The LRS would like to thank Unity Incorporation for their support over the years and wishes them prosperity in all future endeavours.



*Rashid Bosch, Riedwaan Baboo and Manzodidi Maputuma*

**Commissioned Research**

Research commissions from global, regional and national trade unions and labour orientated NGO's are accepted in order to build both the resource base of these organisations and the LRS.

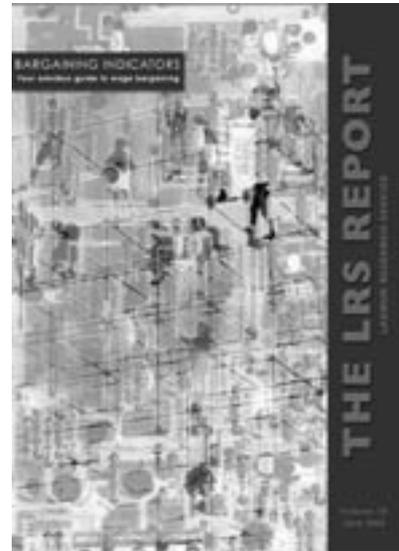
Five research papers were produced which highlighted that Foreign Direct Investment (FDI), the restructuring and expansion of Multinational Companies (MNCs) in Africa and Trade and Investment Policies pose new challenges for labour and civil society organisations.



## REVIEW OF LRS PUBLICATIONS

### BARGAINING INDICATORS

In 2004 the annual *Bargaining Indicators* was completely overhauled. It received a professional new look and was restructured to include only the Economic Review, the Wage Review and the Directors' Fees Survey. These reports prove to be the most useful to trade union negotiators in preparation for collective bargaining. Trade union negotiators were given an opportunity to provide input into the report prior to its release at the LRS' Annual Negotiators Conference. It received extensive media coverage and sales improved remarkably. In 2005 the report will be marketed by Blue Weaver Publications to ensure that the Bargaining Indicators reaches a broader audience.



### BARGAINING MONITOR

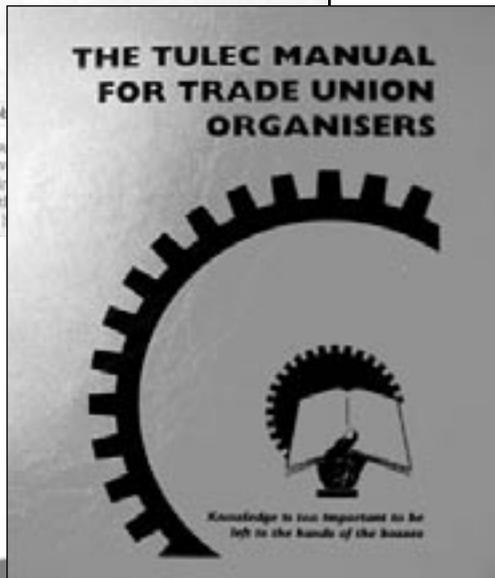
The quarterly *Bargaining Monitor* which was previously published bi-monthly was also streamlined to focus mainly on providing union negotiators with information that informs their bargaining strategies as well as to promote dialogue around popular worker issues. It is circulated to a range of trade unionists and funder organisations, both locally and internationally.

Amid rising unemployment and record-low earnings, SA directors are making R300 000 more a year

## Bosses' pay skyrockets

### TRADE UNION ORGANISERS' MANUAL

A very big thank you to Martin Jansen the director of Workers World Media Productions (WWMP) for the 2004 update of the *Trade Union Organisers' Manual*. The manual is a comprehensive guide for trade union organisers and leaders involved in trade union work and collective bargaining. It includes all the most recent labour laws and codes of conduct.



Vicki Rot

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ence teachers and others with scarce  
skills, "especially in poorer areas"  
such as townships and rural areas.

## The Negotiators

### Problems, policies and plans

The **Labour Research Service** held a conference for negotiators to assist union negotiators. What was on the table?

**T**here is an increasing sense that labour's position in collective bargaining is being weakened, partly a result of the attitudes being adopted by employers and partly by the current environment.

- It emerged during discussion that:
- unions should have uniformity of demands;
  - objectives of negotiations need to be

the rand goods produced locally have become more expensive than imported goods. Employers will say that costs, especially wage costs, will have to be kept low to keep locally produced goods at competitive prices and ensure that local production remains viable.

Some discussion focused on trying to understand how companies are attempting to break the strength of unions and reduce workers' power:

**Agreements:** These

budgetary allocations to the of expenditure that put pressure on workers wages (health, electricity, care for elderly, transport)

**Extreme wage gaps:** the wage gaps have been widening and there is a need for strategies to reduce inequality in the workplace and in society

**HIV/AIDS:** unions need to provide protection for workers and HIV/AIDS positive workers. Companies enforce policies in the work



## FINANCIAL MANAGEMENT REVIEW

### Performance

This review should be read and understood with the accompanied Audited Annual Financial Statements (AFS), which presents an overview of the financial position of the organisation.

Both the years ended February 2004 and February 2005 have been incredibly tough and tight years as evidenced by the losses incurred in each year, R1,3 million in 2004 (Audited) and Seven Hundred and Sixty Thousand Rand in 2005 (Audited). Aside from the two years being hard on the organisations reserves, there were also staff changes that impacted on financial systems and financial analysis capacity.



*Richard Davidson*

In both years the organisation managed to keep a relatively tight reign on expenditure (see pg 19 of AFS). However, various factors contributed to a scenario where income in no way matched this expenditure, thereby resulting in significant losses being incurred by the organisation.

A major factor in the 2004 loss was the loss in disposal of shares held by the organisation. Shares which over the past couple of years had lost value while not being written down in value by the auditors were eventually written off in this year, resulting in a loss of almost Four Hundred and Fifty Thousand Rand, (see pg 19 of AFS).

Compounding this loss was the increase in the Rand's value against international currencies, which resulted in substantially less income from our funders than when the agreements were signed. In total, the LRS lost over a half a million Rand to currency fluctuation. In YEFeb 2005 the LRS lost Two Hundred and Fifty Thousand Rand in actual income as against budget projection. In YEFeb 2004 the amount was closer to Three Hundred Thousand Rand. As this was a new phenomenon to LRS management, it took some time for us to learn how to negotiate the reduction of the activities of the projects to accommodate the loss of income, and in most instances the organisation just bore the loss through over-expenditure, in order to execute the planned activities.

Another factor affecting both years was the sharp decrease in shares traded on the local stock-exchange which negatively affected the number of company research reports that we were able to perform for Unity Inc., resulting in a sharp drop of income from this aspect of our contract research.



Last but by no means least, was the lack of success of our application to the Department of Labour's Strengthening Civil Society Fund for the maintenance of AWARD-SA. This resulted in a subsidisation from contract/commissioned income for this key strategic project of an average of Four Hundred Thousand Rand per annum since 2003.

Expenditure for the two years remained constant, even decreasing for the 2005-year end. The main factors affecting our income were essentially beyond our control and hopefully not to be repeated in the future now that we are both aware of their possibility, and prepared to take appropriate action. We are lucky to have had reserves to draw upon in these difficult years. However, we cannot afford to drain our reserves, and need to take appropriate steps to recover from the setback of the past two years.

In the year ahead we have managed to add another R1 million in grant funding for key strategic projects. Although we are not completely out of the woods, the organisation's finances are on a more steady footing than in the preceding two years.

### Looking Ahead

We have re-applied to the Department of Labour for long term funding for the AWARD project, and are hoping for a positive response. We will enlist the support of participating unions in a concerted endeavour to secure income for the continued maintenance and provision of this essential information resource.

We are also scrutinising activities and contracts that have, in the past few years proved to be financially unviable and will not continue investing in them.

Other issues that will be targeted in the forthcoming year are:

1. The development of a sustainability fund to begin rebuilding lost reserves;
2. Improved monitoring and reporting within the finance department on an organisational and programme level;
3. Greater understanding by project leaders of finance and budgetary issues;
4. Tighter budgetary control of variable expenditure items;
5. Greater accuracy in projecting expenditure for contract and grant proposals, to prevent overspending on future projects.

**Richard Davidson**  
Finance Manager  
July 2005



**LABOUR RESEARCH SERVICE**  
**AUDITED FINANCIAL STATEMENTS**





## AUDITED FINANCIAL STATEMENTS

### LABOUR RESEARCH SERVICE

(ASSOCIATION INCORPORATED UNDER SECTION 21)

(Registration number 1986/002993/08) ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2005

<b>Directors</b>	M A Sinclair (Chairperson) C C Ryklief (Secretary) G Wilson (Treasurer) S E van Niekerk A Cleophas F Davids
<b>Registered office</b>	c/o Moores Rowland 1 Thibault Square Cape Town
<b>Bankers</b>	Standard Bank of South Africa Limited
<b>Auditors</b>	Moores Rowland Cape Town
<b>Secretary</b>	C C Ryklief