

Circular No. 08 from Labour Team

May 2017

Metal & Engineering Industries Industrial Relations Developments Update

I am pleased to report that Sunil Hansjee from our Labour Team here at Cox yeats attended a seminar on 4 May 2017 hosted by the KwaZulu-Natal Engineering Industries Association (KZNEIA). The feedback that I received follows below.

The Metal and Engineering Industry Bargaining Council (MEIBC) is a statutory body duly registered in terms of the Labour Relations Act 66 of 1995 ("the LRA") to provide for the regulation of stable and productive employment relations in the metal and engineering industries. KZNEIA is a party to the MEIBC's Main Collective Agreement. A collective agreement, at industry-level, regulates terms and conditions of employment within a specific industry-sector and remains in existence for a period of time. On expiration of the period, parties meet again to renegotiate the terms and conditions of employment and conclude a new collective agreement at industry-level (to be distinguished from plant-level collective agreements – concluded between individual employers and trade unions).

The insight Griffin provided to us on current developments in the industry was interesting. In summary these are the interesting developments discussed:

- South African Federation of Trade Unions (SAFTU) recently launched and is in direct competition with the Congress of South African Trade Unions (COSATU).
- National Union of Metalworkers of South Africa (NUMSA) has joined forces with SAFTU.
- Zwelinzima Vavi has been elected as the general secretary of SAFTU which makes for interesting times ahead from a labour and political perspective.
- KZNEIA's chairman, is of the view that employees have lost their appetite to strike and that 2017 may be a quiet year for labour. This observation comes from the "factory floor" where employees just seem to want to work and be paid.

- On the other hand some are less optimistic and believe that our socio-political climate may mobilize some strike action coupled with intimidation and union rivalry. The observation is that Pietermaritzburg may be a “hotspot” for strike action this year.
- The expiration of the MEIBC’s Main Collective Agreement on 30 June 2017 may also prompt some strike action if a new agreement is not concluded by then. However, negotiations are currently underway. If negotiations fail, this may well also prompt strike action.
- The draft Code of Good Practice: Collective Bargaining, Industrial Action and Picketing may be amended further during June 2017 however these are not significant amendments. Much of the content would remain. Like other Codes of Good Practice this would provide some guidelines to all role players and give substance to the LRA.
- Even though NUMSA is not a representative union in the passenger bus sector they played a significant role in the recent strike action and this supports the view that NUMSA is trying to infiltrate across all sectors. NUMSA’s membership and support is growing and may continue growing during this year.
- The sugar industry is currently in wage negotiations. The demand is for a 15.6% increase, housing and transport allowances, reduction of working hours, increase in employer contributions to medical aid, and no limit to sick leave. No agreement has yet been reached.
- The automotive industry negotiated an increase of wages between 8.6% - 10% together with added benefits. The main agreement is still in effect until 31 August 2019.
- At this point the MEIBC is technically insolvent however it is still running day to day and its cash flow is being managed. The impending demise of the MEIBC may also impact on possible strike action and may directly impact on collective bargaining. The MEIBC is still a registered bargaining council and is still therefore technically in operation.

Apart from the above, on 26 April 2017 the Labour Court reviewed and set aside the Minister of Labour’s decision to extend the current MEIBC’s Main Collective Agreement to non-parties. Therefore until 30 June 2017 the MEIBC’s Main Collective Agreement only applies to actual parties of the MEIBC’s Main Collective Agreement [see: *National Employers’ Association of South Africa (‘NEASA’) and Others v Minister of Labour and Others (JR75/15) [2017] ZALCJHB 136 (26 April 2017)*]



There are interesting times ahead in the labour sphere and we are yet to experience the full impact of the National minimum wage (due to take effect in May 2018). Our political climate and the emergence of a new trade union federation may also determine the possibility of strike action. Seemingly, businesses should plan for the worst in the metal and engineering industry and should factor in about 4 – 6 weeks of strike action into their production plans to minimise the impact of any strike action. According to some, since the MEIBC's main collective agreement expires on 30 June 2017, should negotiations fail, one could expect the possibility of strike action within the metal and engineering industry in July 2017.

If you have any queries arising from the above, please contact us.

FURTHER ADVICE

Should you require advice or assistance on Employment Law matters, please contact: Chris Haralambous (Partner) on (031) 536 8557 / charalambous@coxyeats.co.za or Sunil Hansjee (Partner) (031) – 536 8526 / shansjee@coxyeats.co.za.

