NEGOTIATORS CONFERENCE:

Economic Indicators for Collective Bargaining

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Presentation by
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Overview

- ***The economy is not working for us***
- ***Global Economic Recovery ??***
- ***South Africa – A Rediscovery!!***
- ***Economic Information for Bargaining***

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Social Indicators…is something wrong??

The number of households classified as poor using a low monthly household expenditure of below R2, 500 a month is 9, 510, 845. This means that 69% of South African households are living at very low levels. Of these, 1, 898, 019 households are food access inadequate and a further 1, 119, 374 are food access severely inadequate. Together this makes 22% of South African households which cannot meet their basic food requirements. The number of households that use wood/coal for cooking is 2, 310, 847 (or one in 6 households).

In South Africa 56.7% of households live in dwellings they own. However, 12.8% of households live in RDP houses while 13.4% of all households are living in informal settlements. There are 2, 537, 131 households with very poor water infrastructure of which 1, 476, 358 have no water infrastructure what so ever. There are 3, 842, 325 households or 28% of all households that have inadequate sanitation infrastructure with 147, 062 using the bucket system and 759, 984 which have no sanitation infrastructure at all. Local Authorities provides refuse removal services to 53.1% of all households.

In the education sphere we have 61.6% of all learners that rely on the nutrition programme and 43% who receive social grants. Of all learners attending public schools, 51% are unable to pay school fees. Of the people 20 years and older in South Africa, 20% have lower than a grade 7 pass and 7.4% had no schooling at all. Given the high rate of youth unemployment it is important to note that between 2009 and 2011, 2, 594, 786 learners between the age of 16-18 will enter the labour market, a labour market which currently employs fewer people than it did in 2008.

Regarding healthcare it was found that only 17% of the population are members of a medical aid scheme and that 70% of all households rely on poorly funded and under-resourced public health facilities.

Global Recovery??

- ***Global Austerity:***

social spending cuts & restricted access to finance social protection,

job shedding, wage freezing, labour flexibility

- ***Timid Forecasts underlined with precautions***

est 3.9% global growth in 2010 and forecast of 3.3% for 2011, uneven with few high growers.

- ***Jobless recovery***

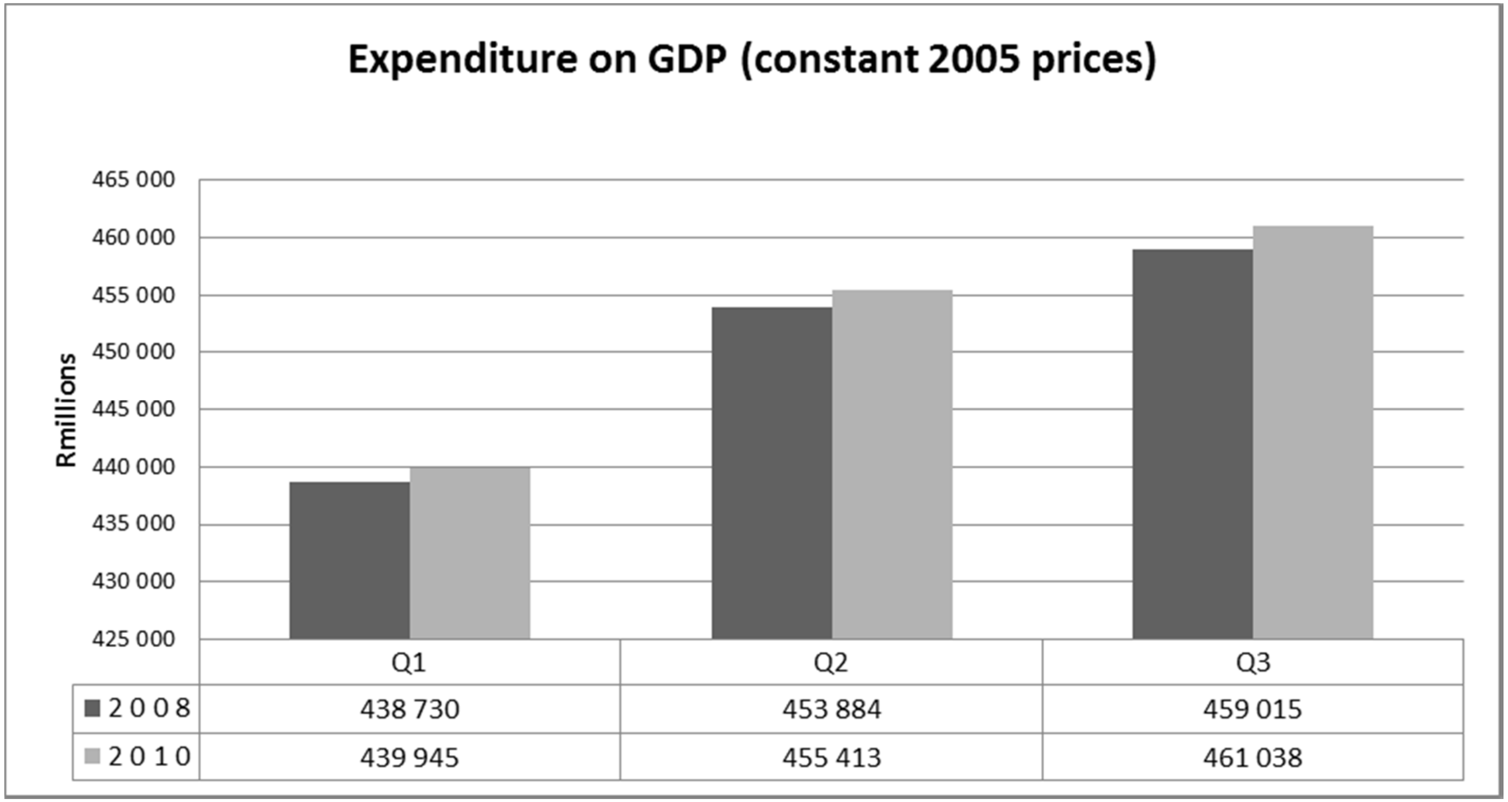
Due to lags in job creation, the global economic recovery that started in late 2009 is not expected to have an immediate effect on global employment. For example, according to OECD, unemployment in the Euro zone will reach 11 per cent in 2010 and remain around that until 2011. For Africa, employment growth is not expected to reach its pre-crisis levels before 2011. Slow and lagging employment creation accentuates the need for government to implement pro-active employment programmes as part of their economic stimulus and growth recovery strategies and to increase social spending to mitigate the impact of the crises, especially on vulnerable groups.(Economic Report on Africa, UN)

- ***Undermining of the Decent Work Agenda***

South Africa: A Rediscovery

- **New Growth Path**
  - JOBS DRIVER 1: INFRASTRUCTURE FOR EMPLOYMENT AND DEVELOPMENT
  - JOBS DRIVER 2: IMPROVING JOB CREATION IN ECONOMIC SECTORS
  - JOBS DRIVER 3: SEIZING THE POTENTIAL OF NEW ECONOMIES
  - JOBS DRIVER 4: INVESTING IN SOCIAL CAPITAL
  - JOBS DRIVER 5: SPATIAL DEVELOPMENT

SOUTH AFRICAN RECOVERY?



In 2008 Gross Domestic Product (GDP) grew by 3.6%, this was down from 5.6% the year before. In 2009, however, the economy declined – GDP contracted by 1.7%. (QB, S148) As a result, even though the economy has been growing again, estimated at 2.7% by the finance minister for 2010. GDP, however, is still at 2008 levels.

Gross Value Added by Kind of Economic Activity (Rmillions at constant 2005 prices)

In what sector is your employer?
What can you say about this sector from the table below?
What can't you say about your sector from this table?
What other data will help you to say more about your sector?

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Primary Sector	**135 786**	**139 425**	**141 295**	**143 394**	**140 723**	**141 637**	**141 552**	**136 076**	**141 906**
Agriculture, Forestry and Fishing	35 826	36 070	36 380	37 402	35 359	36 301	42 154	40 891	41 247
Mining and Quarrying	99 960	103 355	104 915	105 992	105 364	105 336	99 398	95 185	100 659
Secondary Sector	**293 957**	**293 500**	**309 751**	**330 669**	**352 503**	**374 511**	**385 742**	**358 197**	**373 024**
Manufacturing	236 133	232 581	243 965	259 101	275 782	290 246	297 900	266 932	280 190
Electricity, Gas and Water	28 503	29 344	31 335	33 010	34 139	35 294	34 198	33 635	34 311
Construction (contractors)	29 321	31 575	34 451	38 558	42 582	48 971	53 644	57 630	58 523
Tertiary Sector	**806 527**	**840 204**	**879 344**	**927 004**	**985 265**	**1 045 262**	**1 091 881**	**1 100 063**	**1 124 441**
Wholesale, Retail, Catering, Accommodation	168 357	172 845	182 175	195 012	206 636	217 607	219 359	213 939	218 570
Transport, Storage, Communication	118 749	126 287	132 459	139 472	146 607	156 289	161 672	162 722	167 462
Finance, Insurance, Real-Estate, Business Services	249 165	261 123	279 544	295 504	324 002	349 501	375 090	378 421	385 491
Community, Social and Personal services	270 256	279 949	285 166	297 016	308 020	321 865	335 760	344 981	352 918
General Government Services	190 910	196 193	199 947	208 561	214 947	223 618	233 653	243 144	250 425
Other	79 346	83 756	85 219	88 455	93 073	98 247	102 107	101 837	102 493
Gross Value Added at Basic Prices	**1 236 270**	**1 273 129**	**1 330 390**	**1 401 067**	**1 478 491**	**1 561 410**	**1 619 175**	**1 594 336**	**1 639 371**

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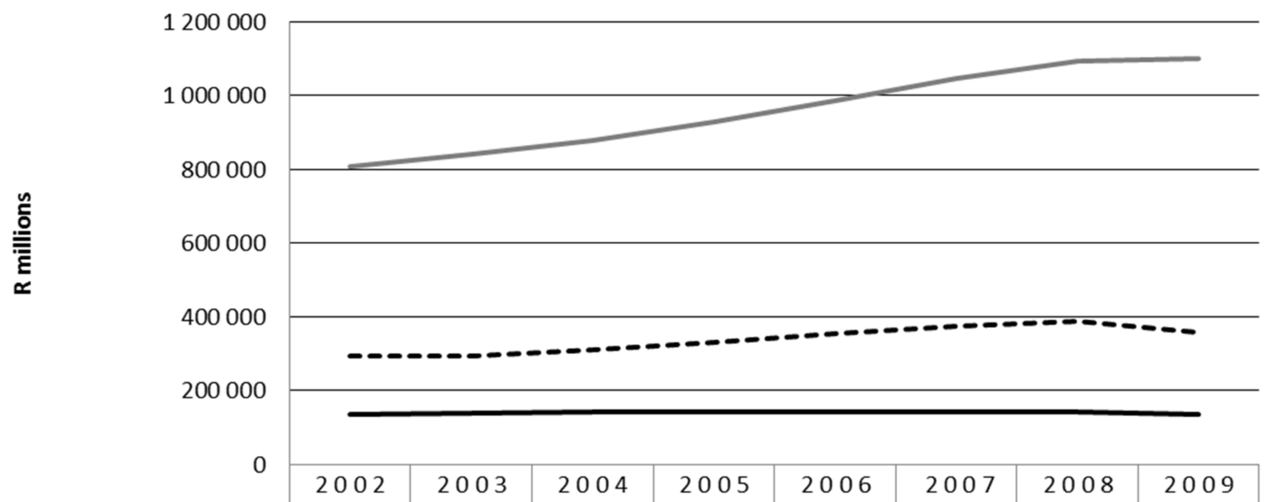
Economic Value by kind of economic activity (2005 prices)



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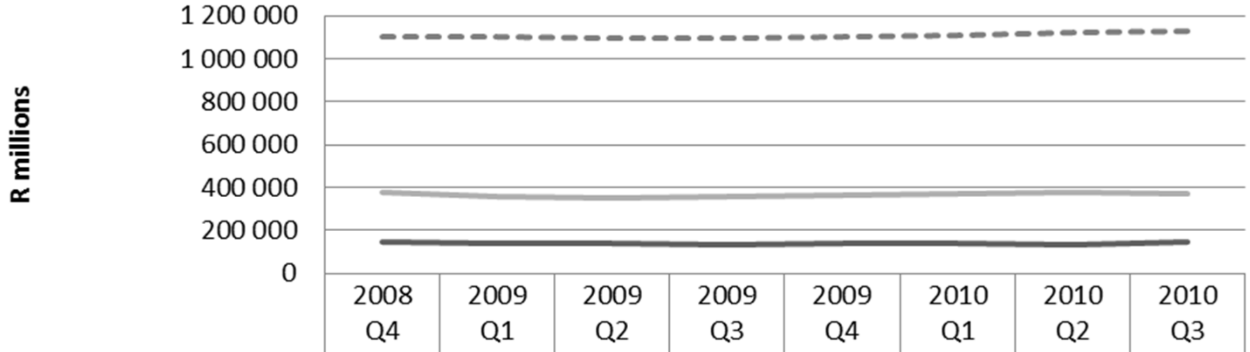
Gross Value Added (seasonally adjusted annualised rates at 2005 prices)



	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3
Primary Sector	143 177	136 021	137 489	135 082	135 712	140 433	135 546	143 182
Secondary Sector	376 066	358 386	351 784	357 672	364 946	370 723	374 104	370 412
Tertiary Sector	1 101 30	1 101 65	1 097 70	1 098 05	1 102 84	1 109 49	1 121 76	1 127 19

De-Industrialised Growth

A longer time period – from 2002 – shows that the primary sector grew very little and the recession in 2009 brought the value added by the primary sector to 2002 levels. The secondary sector declined in 2009 to 2006 levels. The tertiary sector, however, rose throughout the period even if it did slow down during 2009. The net result being that the tertiary sector, which is already the highest contributor to the economy, contributes an even higher percentage.

Economic Outlook

Calendar year	2007	2008 Actual	2009	2010 Estimate	2011	2012 Forecast	2013
Percentage change unless otherwise indicated							
Final household consumption	5.5	2.2	-2.0	4.6	4.2	4.3	4.5
Final government consumption	4.1	4.7	4.8	4.6	4.4	4.1	3.9
Gross fixed-capital formation	14.0	14.1	-2.2	-3.6	3.9	5.5	6.8
Gross domestic expenditure	6.3	3.4	-1.7	4.1	4.2	4.4	4.6
Exports	6.6	1.8	-19.5	5.3	6.0	6.4	7.3
Imports	9.0	1.5	-17.4	10.4	8.5	7.0	7.4
Real GDP growth	**5.6**	**3.6**	**-1.7**	**2.7**	**3.4**	**4.1**	**4.4**
GDP inflation	8.1	8.9	7.2	6.3	5.3	5.4	5.8
GDP at current prices (R billion)	**2 016.2**	**2 274.1**	**2 395.9**	**2 615.7**	**2 846.5**	**3 122.0**	**3 445.9**
Headline CPI inflation	6.1	9.9	7.1	4.3	4.9	5.2	5.5
Current account balance (% of GDP)	-7.0	-7.1	-4.1	-3.2	-4.2	-4.9	-5.0

- Economic Growth will pick up over the next two years but will not reach growth levels of 5% per annum by 2013.
- There are expectations that inflation will rise to about 5.5% by 2013. This will be led by higher food, fuel and energy costs.
- Government expenditure will continue to drive economic growth with debt increasing from R897 billion in 2010 to R1.2 billion in 2013.

EMPLOYMENT

- Of a labour force of 17,97 million in the first quarter of 2008, 13,75 million were employed.
- In the 4th Quarter of 2010 the labour force was 17,26 million of whom 12,98 million were employed.
- There were 800 thousand fewer people working in the formal and informal economy of the country than there were in the first quarter of 2008.

EMPLOYMENT

(Quarterly Labour Force Survey, January 2011)
In what sector is your employer?
What can you say about this sector from the table below?
What can't you say about your sector from this table?
What other data will help you to say more about your sector?

.Table B: Employment by industry

	Oct–Dec 2009	Jul–Sep 2010	Oct–Dec 2010	Qtr-to-qtr change	Year-on-year change	Qtr-to-qtr change	Year-on-year change
	Thousand					Per cent	
Total	**13 250**	**12 975**	**13 132**	**157**	**-118**	**1,2**	**-0,9**
Agriculture	624	640	627	-13	3	-2,0	0,5
Mining	301	303	298	-5	-3	-1,7	-1,0
Manufacturing	1 792	1 713	1 783	70	-9	4,1	-0,5
Utilities	102	99	94	-5	-8	-5,1	-7,8
Construction	1 127	1 076	1 056	-20	-71	-1,9	-6,3
Trade	2 933	2 947	2 975	28	42	1,0	1,4
Transport	767	773	761	-12	-6	-1,6	-0,8
Finance	1 812	1 625	1 594	-31	-218	-1,9	-12,0
Community and social services	2 661	2 678	2 826	148	165	5,5	6,2
Private households	1 129	1 119	1 117	-2	-12	-0,2	-1,1

*Due to rounding, numbers do not necessarily add up to totals.

Employment Scenarios in the Budget Review

Table 3.4 Sector employment scenarios

	Assumed annual growth, (%) 2011 – 2013	Employment elasticity of growth 2003 – 2008	Employment 2010 (thousands)	Employment growth (%) 2011 – 2013	Job creation (thousands)
Manufacturing	4.0	0.5	1 783	5.5	97
Utilities	3.5	1.5	94	16.6	16
Construction	5.5	1.1	1 056	18.9	200
Trade	4.3	0.7	2 975	9.6	285
Transport and communications	4.0	0.7	761	8.9	68
Financial, real estate and business services	4.3	1.0	1 594	13.6	217

- Expected Employment in selected secondary and tertiary sectors is up by 10.7% with 883 000 jobs from 8 263 000

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FACING FLEXIBILITY

It is no longer important to question if there is flexibility or how extensive it is or if flexibility is bring down wages and conditions of full time workers. It is no longer important to ask if we should organise workers in flexible employment. The issue is what we doing to organise the flexible workforce and to deal with their workplace and social issues.

- How many people are without work in South Africa (lost jobs in your sector/company?
- How many are on short term contracts, outsourced, labour brokers, self employed, is unemployment?
- How many workers have provident funds and what is the value of this.
- How many have medical aid?
- How many have adequate housing with water, toilets, electricity?
- How many single parent households?
- How many are battling with education costs for their children?
- How much of income for transport?

Do unions know how their members are affected by these related workplace and social issues and what are unions doing to link these issues to bargaining for their members and for unorganised workers?

Bargaining Strategies

- Extending coverage of Bargaining Units to those outside.
- Increase Representation in bargaining units.
- Workplace and Social Links
- Equality and Social Justice
- Decent Work

- Collective Bargaining must be campaigns for decent work and social justice
- Trade unions can’t do it alone – NGOs, Community, Religious, Campaign organisations.

List Economic Information You Need
Identify Where You Can Find It.

See examples below and complete table for yourself.

NB: NEVER BE SHY TO ASK

Information	Use	Where
Economic Growth	Compare with sector	SARB, Stats SA
Employment in sector	Retrenchments in company	QLFS

Labour Research Service

"Knowledge is too important to be left in the hands of the bosses"