

## **WEEKLY INDUSTRIAL RELATIONS UPDATE**

**Sunday 21 February 2016**

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## **DISPUTES, INDUSTRIAL ACTION AND DEMONSTRATIONS**

### **Lafarge and NUM**

- The strike at cement and building materials producer Lafarge SA entered its second week despite the National Union of Mineworkers (NUM) having accepted the company's offer of an 8% wage increase.
- The company said on Wednesday that an agreement had not yet been reached on other issues such as housing (the Company increased its offer from R50,000 to R70,000) and acting allowances (the Company offered a precedent-setting 30% but the Num is demanding 35%).
- With regard to salary gaps, the company had proposed a process to find a solution and was open to engaging with an independent party.

### **Retirement funding reforms**

- Cosatu is continuing with its planned mobilisation on 1 March 2016 against pension reforms despite government's postponement of introduction of the annuitisation requirement for provident funds for a further two years.
- Cosatu, the National Union of Metalworkers of SA (Numsa) and the Association of Mineworkers and Construction Union (Amcu) have all threatened to strike over the issue.
- The provision which will allow provident fund members to benefit for the first time by way of a tax deduction for their contributions will still come into effect from 1 March 2016.

### **Nurses protests**

- Nurses from across the country marched in Pretoria on Tuesday under the banner of the Young Nurses Indaba for better pay and working conditions.
- The nurses also called for the outright rejection of their white uniforms, which have been used in the profession for decades.
- The nurses were all dressed in black, saying it signified their mourning for the profession.
- The health workers said they felt as if they have been forgotten by government, as they were forced to work under unacceptable conditions with very little pay.

## **JOB MARKET: JOB CREATION AND RETRENCHMENTS**

## **NYDA created 11 000 jobs**

- Deputy Minister in the Presidency Buti Manamela, indicated during the SONA debate that the National Youth Development Agency (NYDA) has created over 11,000 jobs over the past three years through investments made in a variety of projects.
- He also said the NYDA had provided 3,242 young men and women with grants of between R10,000 and R100,000 over the last three years during the current board's tenure.
- As part of the NYDA's partnerships with other government departments, the agency has also supported young people to gain access to farming opportunities.

## **De Beers retrenchments**

- Based on media reports, diamond producer De Beers plans to cut 366 jobs in South Africa, of which 152 jobs will be at its Venetia mine and a further 214 posts at its other mines in South Africa.
- De Beers has rejected accusations by the National Union of Mineworkers (NUM) of racism in its current retrenchment exercise being undertaken in South Africa. The NUM alleged that only black employees are targeted for retrenchment.

## **Evraz Highveld**

- The business rescue team at Evraz's South African unit is considering closing the steelmaker's operations, placing more than 2,100 jobs at risk after the sale of assets deal collapsed.
- The decision to consider winding down Evraz Highveld's operations comes after the Department of Labour suspended the payment of a training allowance on behalf of some employees, the company said in a statement on Monday.
- Employees have also not been paid yet for the past two months.

## **Anglo American scaling-down**

- Anglo American announced on Tuesday plans to restructure its portfolio to focus on copper, platinum and diamonds.
- The plans include exiting its controlling 69.7% stake in Kumba Iron Ore.
- Anglo does not expect to complete the Kumba transaction until sometime in 2017.
- Across the group, the company is targeting a reduction in headcount of 50,000 people. Some 40,000 will leave the company through the disposal of assets, and 10,000 from further downsizing and streamlining. Of the company's 11,500 global support staff, only 5,000 will remain. This will affect people employed at the company's offices in Main Street, Johannesburg.

## **REMUNERATION**

### **Executive remuneration ratio**

- The latest research conducted by *Moneyweb* and *Profile Media* as part of a project on executive remuneration has found that the average difference in guaranteed annual remuneration between executive directors of JSE-listed companies and their rank and file employees is around 21 times.

- If a discretionary short-term incentive or bonus is added to the guaranteed package, the ratio jumps to 36 times.
- These ratios compare favourably with international trends, where ratios of around 50 times are seen as being acceptable.
- Although the averages of all executive directors are well below this benchmark, the average ratios of the most senior executives (CEOs, executive chairpersons and chief executives) are closer to the 50 times-ballpark.
- Their guaranteed salaries' ratio is 35 times, but if their short-term bonuses are included, the ratio edges up to 47 times.
- Executives of JSE-listed companies therefore earn relatively modest salaries compared with the US and the UK.

## HEALTH AND SAFETY

### Lily Mine rescue

- Rescue attempts for three trapped miners at the Lily Mine in Barberton have been suspended for at least two weeks after two collapses occurred after the initial collapse. This would also allow a second escape route to be drilled.
- Pretty Nkambule, Yvonne Mnisi and Solomon Nyerende have been stuck in a metal container, which dropped nearly 80 metres after a pillar collapsed.

## LEGAL

### Bhana family to pay R6m to Aurora liquidators

- Six members of the Bhana family, who were involved in the collapse of Aurora Empowerment Systems, have agreed to pay the company's liquidators about R6 million.
- The settlement relates to a claim brought against the Bhana family and is separate from the main case brought against the Aurora operators.
- It was ruled by a court in June that Aurora fraudulently misrepresented its ability to pay for the Pamodzi Gold mines in 2009 when the previous owner was placed under provisional liquidation.
- In the following two years, mine shafts were destroyed, equipment stolen and 5,000 jobs lost.

### Garden leave's legal status

- The Johannesburg Labour Court has issued a judgment, in which it confirmed that so-called garden leave forms part of South African law.
- Garden leave is when an employee does not come to work while serving notice or be suspended and such clauses are often inserted into the contracts of senior employees, with the aim of "sterilising" the confidential and proprietary information held by them, and to prevent them from immediately taking up employment with competitors and using confidential and proprietary information to compete unfairly with their former employers.
- The employee is entitled to full benefits during the gardening leave period.