



Presentation to



2014 SABOA National
Conference

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6 March 2014

THE QUESTION?

**HOW TO ACCOMMODATE
DIFFERENT INDUSTRY SECTORS
IN A BARGAINING COUNCIL?**

THE AUTOMOTIVE INDUSTRY

- 18 000 registered employers
- 280 000 registered employees
- ALL MOTOR RELATED – excluding OEMs (auto & tyre)
- Motor Industry Bargaining Council (MIBCO)

MOTOR INDUSTRY BARGAINING COUNCIL (MIBCO)



COLLECTIVE BARGAINING

- ALL Agreements promulgated and extended to non-parties
- MULTI-YEAR Agreements
- Bargaining Model (challenges)

CHALLENGES

DIVERSITY



RMI associational dispensation



DIVERSITY

- Different business models
 - Sales
 - Repairs & maintenance
 - Regulatory environment
- Different client base
- Capital intensive ----- Labour intensive
- Different pay practices
- Supply & demand ----- Scarce skills
- Technology requirements
- Legislative environment
- BIG vs. SMALL

THE BARGAINING MODEL

- **Wages & substantive (Conditions of Employment)**
- **Different Collective Agreements**
 - **Administrative Agreements**
 - **Main Collective Agreements (Wages & Substantive)**
 - **Social Fund Agreements – Medical, Retirement Funds & Sick/Accident/Maternity Fund**

COLLECTIVE AGREEMENT (Wages & Substantive matters)

- **COMPOSITION** – Division A
 - Division B
 - Division C
 - Division D
- **Division C** – 5 Chapters
 - 7 Sectors
- **Administrative Agreement**

The above complex structure formed over many years to accommodate diversity in the industry.

WHY ALL THE DIVISIONS, CHAPTERS AND SECTORS?

- **DIVERSITY**
- **COMPLEXITY**
- **LABOUR CATEGORIES**
- **WAGE MODELS**

THE BARGAINING MODEL

- **Minimum Conditions of Employment (95% overlap between Chapters & Sectors)**
- **3 x Wage Models**
 - Minimum wages for entire industry (across all levels & grades)
 - Actual wages – only one sector
 - Minimum wages only – only one sector
 - Guaranteed wages – ALL OTHER SECTORS

WAGE MODELS

- Prescribed minimum wages
 - Entry-level wages
- Actual wages
 - Across the board % increases irrespective of levels & grades
- Guaranteed increases
 - Monetary value of the difference between OLD and NEW minima given as a guaranteed increase.

WHY THE DIFFERENT WAGE MODELS?

- **DIVERSITY – different sectors**
- **PAY PRACTICES – some sectors have predominantly low basic wages with high commission/incentive structures**
- **ECONOMIC FACTORS**

CHALLENGES WITH THE MODELS

- **LABOUR: One-size-fits-all approach**
- **No recognition for diversity**
- **ONE negotiation, ONE promulgation, ONE agreement, ONE cycle, ONE duration period**
- **ONE powerplay/strike**
- **Benchmarking/Targeting**
- **Disconnect between EMPLOYER & LABOUR objectives**
 - **Employer = sectoral focus**
 - **Labour = mega-bargaining**

THE IDEAL BARGAINING MODEL? (EMPLOYER PERSPECTIVE)

- **RECOGNITION FOR DIVERSITY**
 - Different business models per sector
 - Different pay practices & economic factors
- **CAREFUL GROUPING of discreet needs & interests (various sectors)**
- **INDEPENDENT BARGAINING (each sector on its own)**
 - One collective agreement per sector
 - Different cycle
 - Different duration (one or two multi-year agreements)
 - Extension to non-parties

DOWNSIDE OF INDEPENDENT BARGAINING

- **OFTEN THE SAME NEGOTIATORS (bringing the same issues to the table)**
- **TIME-CONSUMING**
- **EXPENSIVE**
- **DIFFERENT INDUSTRIAL ACTION PER SECTOR (one sector may have an influence on other sectors)**

OPPOSITE OF A REAL SECTORAL MODEL

- One industry as defined (scope & coverage)

BASED ON:

- Prescribed minimum wages & conditions of employment **ONLY**
 - Lowest common denominator
 - Flexibility for employer to apply best practice for his/her business
 - Affordability and business needs dictate the final outcome

VERY IMPORTANT!

- Irrespective of the bargaining model, negotiate a **PEACE CLAUSE** upfront.

CONCLUSION

THANK YOU

Any questions?