



**NATIONAL UNION OF METALWORKERS OF SOUTH AFRICA**

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Office of the General Secretary

25 March 2024

TO :

**Metal and Engineering Industries Bargaining Council (MEIBC)**

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Dear General Secretary of the MEIBC,

**Re: NOTICE TO INITIATE INDUSTRY NEGOTIATIONS – ENGINEERING 2024  
 WAGE NEGOTOATIONS AND OTHER SUBSTANTIVE ISSUES**

- 1. Kindly be advised that the National Union of Metalworkers of South Africa (NUMSA)** herewith formally submits a notice which calls upon the MEIBC in terms of the provisions contained in the MEIBC Constitution Annexure E(2)(a) to initiate wage and conditions of employment negotiations.

**2. Further please be advised that** we have hereunder our proposed demands.

**3.** Therefore, in accordance with Annexure E(2)(b) of the constitution of the MEIBC, the date for the **first negotiating meeting shall be determined by MANCO which is proposed for the 10<sup>th</sup> April 2024.**

On behalf of our members and reflecting on the state of the economy and the economic performance of the engineering sector in general, we have resolved that in approaching this round of negotiations, we must take note of the following issues. It is a fact that if one has an understanding of the serious peculiar challenges that are confronting the economy and our sector, we need a common perspective from both business and labour if we are to defend the current existing capacity for manufacturing.

To break new ground, we must speak in one voice in defining what forms of intervention government must make to stimulate economic growth to champion and grow manufacturing and industrialisation in ways that will create the most needed jobs that must pay a living wage in order to smash the triple crisis of poverty, unemployment and inequalities.

NUMSA in its history of negotiating in this sector has always taken a comprehensive approach. That of looking at the state of the industry, the state of the economy and engaging government and business on what must be done to grow manufacturing. As we firmly believe that manufacturing constitutes the epicentre of the growth of any economy.

Since 2008 we have all been affected by structural crisis of capitalism which was worsened by Covid19 pandemic. As a responsive progressive union, we chose not to negotiate in 2020 which was the year of Covid19. We obviously could not tie workers to a wage freeze in 2021 and pushed the industry to negotiations. We ended in a deadlock with a strike that lasted 3 weeks, where we settled on 6% for a period of 3 years, it is that agreement that has come to an end.

NUMSA is approaching this round of negotiations with extreme caution and the necessary carefulness in that our members are part of an economy which has been subdued and bleeding jobs. A situation which has been worsened by collapsing state infrastructure and rolling blackouts.

Which means the terrain of negotiations in the engineering sector must carry a two-prong approach: that of addressing challenges that relate to miss management of the economy by government and simultaneously negotiating what will be a fair wage

increase for workers given that they are confronted with all inflationary pressures. Such as fuel prices, cost of transport as we do not have safe and public transport that carry workers to and from work, the heavy burden of electricity, both rolling blackouts and unaffordable electricity tariffs and the expensiveness of a basket of food

In 2022 both Stats SA and the Economic Justice and Dignity Group pointed to a deepening crisis of socio-economic conditions trajectory of workers and the working class which was on a downward spiral in all aspects of their lives.

This is what this round of negotiations would have to respond to, answering the question: what do we do without being extravagant to cushion workers in this sector?

Where possible, we must do everything to settle this round of negotiations without short-changing workers and we should do everything to avoid a strike. This can only happen if parties understand the importance of understanding negotiations as a give and take in terms of the necessary compromises, and parties being prepared to move from their positions.

With these structural challenges both in the economy and negatively affecting the sector, the parties should thoroughly consult their principals and constituencies and solicit a mandate where parties are prepared to do a couple of things, at this point NUMSA is still busy with this process of consultation, this which we are submitting constitutes a preliminary position and we will make further amendments after the 7<sup>th</sup> of April 2024:

### **1. Duration of the New Consolidated Main Agreement**

Agreeing on a new consolidated Main Agreement to operate from 1 July 2024 until 30 June 2027.

### **2. Gazettal and Extension**

Remain committed and resolute to achieving gazettal and extension of a new consolidated Main Agreement to operate from 1 July 2024 until 30 June 2027 to all non-party employers and employees covered by the scope of the Main Agreement.

### **3. Wage Increases**

We propose a roll-over of the current agreement with a sweetener of improvement in the first year and with the other two years remaining the same,

the wage tables set-out in Part 2 of the 2021-2024 Main Agreement to cover the period 1 July 2024 to 30 June 2026.

#### **4. Outstanding Issues**

Referring to outstanding issues, as set-out in Annexure 2 of the Process Agreement, to the Management Committee Meeting (MANCO) immediately once this round of negotiations is concluded, who must mandate the Drafting Committee to finalize the identification of forums, working groups, task teams and/ or committees, with time-lines and feedback processes to the STANCO and/or FACOM for the formulation of recommendations arising from each forum for implementation by the MANCO. NUMSA reserves the right to identify and supplement the items set out in Annexure 2, should such items not be covered.

#### **5. Frustrations and problems that have emerged during the period of the main agreement emanating from various companies.**

In the consultation process that is underway, even though NUMSA is calling for the roll-over of the agreement and its extension without going to full blown traditional collective bargaining, we have come across a number of frustrations and concerns which might leave the union with no option but to call on the industry to address some of these issues, which will be submitted after the 7<sup>th</sup> April 2024.

#### **6. Housing**

South Africa is characterized by large scale unemployment in the formal sector and mirrored in the metals and engineering industries. The increasing growth rate of the economically active population in conjunction with a declining or stagnant rate of growth of GDP, implies that the level of unemployment, coupled with the declining levels of per capita GDP, has a negative effect on demand for and investment in housing. A solution to this problem is fundamental to a sustained solution for the housing problem.

At the same time, it is equally apparent that the housing sector has a potentially enormous role to play in the revitalization of the South African economy and the metals and engineering industries. This point is underlined by the very high direct and indirect economic multiplier effect of housing production.

Agreeing on forging a partnership between the various tiers of government, the private sector, industry stakeholders and communities with the goal of

leveraging and ring-fencing metals industry's pension and provident funds for housing.

Agreeing that this matter will be referred to the Board of Trustees of the Funds with the objective of developing an institutional framework, covering amongst others, eligibility criteria, funding model/s, subsidy mechanisms and/or programmes, substantive policy approaches etc., by no later than three (3) months from concluding this round of negotiations.

To be frank, we are of the view that housing metal workers who are in the gap market, as the banks are not quick to fund them, government does not see them as falling within the category for the RDP housing scheme. Therefore, an investment where we can deploy between R2 -10 billion from worker retirement funds in the metals industry depending on the figure we as parties can convince each other about which can be a strategic economic catalyst multiplier, where we can even call on government to partner with industry on rand-by-rand value. This will go a long way in restoring our members dignity and ensure fair and equitable deserved retirement.

## **7. Industrial Policy**

Since 2007 South Africa's industrial policy has resulted in the de-industrialization of the country. Since then, numerous companies have gone out of business and this is particularly so in the steel related industries as a result of governments failure to take the important strategic decision that manufacturing matters and that everything else which government does must be to support and drive manufacturing through driving localization through active procurement that champions designations, as a strategic step to take industrialization forward.

The effect of this is now gathering momentum with manufacturing capabilities rapidly disappearing. Without urgent intervention, it is entirely likely that the steel industry capability and employment could well be reduced by 50% in the foreseeable future.

An important aspect of this de-industrialization, amongst others, is the fact that there has been a rapid reduction in public national infrastructure spent in energy, logistics, water, local government etc., which is severely constraining the economy's potential. However, the length, breadth and depth of products produced from the metals and engineering sector can contribute to the solutions needed in all these areas.

It is important therefore for all stakeholders to urgently come together at industry level to jointly formulate a framework focused on re-building, repairing and building public infrastructure, alleviating bottlenecks constraining economic growth while ensuring the long-term sustainability of the metals and engineering sector, which is critical to the economy. Therefore there is no replacement for the industry players to not only resolve this round of negotiations as it relates to improvement of the conditions and benefits of workers. But we must not lose the strategic broader vision, that of working together to trigger and stimulate government to invest in infrastructure in ways that must boost real demand in the industry and in the whole economy.

NUMSA as a union is making a clarion call that the industry must agree and partner in convening an industry Summit that will deal with a couple of issues such as economic transformation, bolster demand in the steel industry, engaging on the energy poverty which has been a source of economic sabotage in the form of rolling blackouts, and how do we position a joint progressive perspective in taking forward progressive aspects of the IRP 2023 especially in ensuring reliability of supply of energy at the back of dispatchable sources of our energy mix.

To this effect NUMSA has made its submission to DMRE and we are willing to share it with other stakeholders in the industry. We must aim through this suggested dialogue to address key issues, including how industry can access unclaimed benefits residing with the metal industry funds for use in infrastructure financing, with the proviso that what is spent must ultimately benefit the sector through localization, job creation, transformation and ultimately contribute to the reconstruction, reindustrialization and development of the metals and engineering industries.

In conclusion, we urge all employers not to interpret the approach we have taken as a sign of weakness. We present this approach as a responsible trade union looking to safeguard the best interests of all who work in this sector. Do not be misled, if you test us, we will revert to the traditional approach of approaching this round of negotiations with a shopping list of demands that can be resolved in the actual theatre of real tough bargaining between the parties and should this become necessary, we accordingly and henceforth on record fully reserve our right to do so.

In conclusion once more, I want to make a clarion call on all employers in the industry, regardless of their Association, that in order for us not to have problems and have short and concise negotiations that can produce quality results in the best interest of all social partners, employers must work with NUMSA and allow shop

stewards and members to have general meetings to ensure a fair mandatory process until the conclusion.

Yours faithfully,



**Irvin Jim**  
**NUMSA General Secretary**